

## Turnout Is Key To U.S. Election; Many Contests Too Close to Call

All House and 34 Senate Seats Up for Grabs, With Modest Gains Foreseen for Republicans

By Brian Knowlton  
International Herald Tribune

WASHINGTON — Americans voted Tuesday in state and congressional elections marked by few sweeping national issues, but with a clear awareness that their votes represented their only chance to have any direct impact on the possible impeachment of President Bill Clinton.

A large number of important races, more than in 1994 or 1996, were too close to predict. But it appeared almost certain that Mr. Clinton, already hobbled by an imminent impeachment inquiry, would face the remainder of his term again presiding over a divided government.

Thirty-four Senate seats, 36 governorships and all 435 seats in the House of Representatives were at stake. Polling stations began closing around 6 P.M. (2300 GMT) in the East, and three hours later in the West.

The strong economy and lack of compelling issues were combining to keep voter turnout below 40 percent, possibly at record low levels, despite frenetic last-minute efforts by both parties. A recent Gallup Poll

found levels of satisfaction among Americans at their highest in three decades. Reflecting that, the election was expected to be remarkably good for incumbents.

Voters told pollsters that local issues, from education initiatives to health care, were far more important to them than the scandal over the president's relationship with Monica Lewinsky. Most candidates ignored the issue.

James Thurber, director of the American University Center for Congressional and Presidential Studies, recently observed, "In no debate did I hear a reference to impeachment, Monica Lewinsky or the president's problems," he said, adding, "There's a great yawning out there. This is a status quo election."

Republicans were expected to add modestly to their control of the House and the Senate, though probably not enough to fan pre-impeachment sentiment in the House or to give Senate Republicans the 60 seats needed to block Democratic initiatives.

They also appeared likely to make gains in gubernatorial and state legislative races. That would continue a trend that has greatly extended the party's dominance at every level but in the White House.

But Republicans appeared headed for far smaller gains in the House than the average since the 1930s of 46 seats for an opposition party controlling Congress in the sixth year of a presidential term.

It may thus be difficult for either party to convincingly proclaim any sort of national mandate for change, as Republicans did after taking control of Congress in 1994.

Most polls pointed to a small Republican pickup in both chambers of Congress, perhaps single-digit gains

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A man continuing the search for family members in Posoltega, Nicaragua, after last week's catastrophic mud slide.

## After Storm, Central America Staggers

By James C. McKinley Jr.  
New York Times Service

MIAMI — Honduran authorities with few resources struggled Tuesday to cope with the catastrophic damage left behind by torrential rains and floods spawned by the hurricane designated Mitch.

Officials said thousands of Hondurans were still trapped by floodwaters in remote

parts of the crippled country. Most major roads and bridges were destroyed by floods or blocked by mud slides after a week of relentless rain dumped several feet of water on the country.

Honduran military officials estimated Tuesday that at least 5,000 people died in the floods and landslides, though the toll could go higher, and that 11,000 people were missing.

[In Nicaragua, floods in the wake of the hurricane killed at least 1,338 people, while 1,817 were still missing. Reuters quoted government officials as saying.]

[The most catastrophic single event appears to have occurred Friday morning in northwestern Nicaragua, where a lake that had formed in the cone of the dormant

See STORM, Page 10

## Gucci's Ex-Wife Found Guilty in His Murder

By Alessandra Stanley  
New York Times Service

ROME — The wealthy socialite Patrizia Reggiani was given a 29-year jail sentence Tuesday by a jury in Milan for ordering the murder of her former husband, Maurizio Gucci, an heir to the famous leather goods fortune.

Mrs. Reggiani's co-conspirators were also convicted. The hit man who shot Mr. Gucci in 1995 was given a life sentence. Mrs. Reggiani's personal psychic, Giuseppina Aurienma, who first contacted the killers, was given 25 years. Two other accomplices also got heavy sentences.

"Evidently, they didn't believe me," a stricken Mrs. Reggiani, 50, said moments after her verdict was read out. As guards began escorting her back to her cell, she muttered, "Truth is the daughter of time."

The verdict was eagerly awaited in a country that followed the Gucci trial, as it became known when it opened in May, as the ultimate real-life soap opera. The case brought together some of the country's favorite obsessions: sex, money, designer footwear — and astrology. Mrs. Reggiani's personal psychic admitted that she hired the killers, but insisted that she did so at her client's instruction.

Lawyers for Mrs. Reggiani claimed that while the divorcee had loudly broadcast her desire to see her former husband dead, she never actually carried out her threats. Mrs. Aurienma, they argued, acted on her own, blackmailing Mrs. Reggiani. Mrs. Reggiani said in a cross-examination that she was forced to pay \$365,000, then added, somewhat confusingly, "It was worth every penny."

One of her lawyers, Giovanni Maria De-

See GUCCI, Page 10

## Britain to Allow Deficit, Joining European Move To Lift Growth

Spain, Portugal and Sweden Cut Interest Rates, Prompting Talk of Additional Reductions

By Tom Buerkle  
International Herald Tribune

LONDON — In a clear sign of the growth-oriented policies taking root across Europe, the British government announced Tuesday that it would maintain its spending plans and allow government borrowing to increase in the face of an economic slowdown.

The announcement came as central banks cut interest rates in Spain, Portugal and Sweden, and analysts bet that the Bank of England would cut British rates on Thursday.

The reductions fueled speculation of further cuts in European interest rates and caused the Deutsche mark to weaken against the U.S. dollar. In Frankfurt, however, Wim Duisenberg, head of the European Central Bank, vowed to ignore political pressure to ease monetary policy, and analysts called a rate cut by the German Bundesbank highly unlikely. (Page 13.)

The fiscal and monetary developments underlined a recent change in emphasis across Europe toward more stimulative economic policies, particularly since the September election of a Social Democratic-led government in Germany. The shift also has been encouraged by two cuts in U.S. interest rates this autumn, and the recent agreement of the Group of Seven industrial nations that recession — not inflation — posed the biggest risk as a result of the turbulence in global financial markets.

In London, Gordon Brown, the chancellor of the Exchequer, told the House of Commons that the slowdown of the global economy would reduce Britain's growth rate to between 1 percent and 1.5 percent next year, compared with a previous forecast of around 2 percent.

The slowdown will curb tax revenue and tip the government budget into deficit. Mr. Brown acknowledged. His forecast showed the budget moving from a surplus of £1.5 billion (\$2.5 billion) in the current fiscal year, which ends next March, to deficits of £4 billion and £5 billion in the following two years. Previously, the government was forecasting a deficit of £1 billion this year, followed by steadily rising surpluses.

Despite the deterioration, Mr. Brown said the government would stick to its plans to increase spending on health and education by nearly £40 billion, or 5 percent a year, over the next three years. He also expressed his desire for lower interest rates, pointing out that the government's forecast showed inflation remaining subdued.

"Fiscal and monetary policy can both together contribute to stability and growth in the coming years," Mr. Brown said. His forecast saw a swift rebound in growth to around 2.5 percent in the year 2000 and 3 percent in 2001.

While the opposition Conservative Party criticized Mr. Brown's spending plans as reckless, many economists welcomed them, saying they should help support economic activity in spite of the weakness of the

See RATES, Page 10

### AGENDA

#### Iran Leader Bars New Ties With U.S.

The supreme leader of Iran, Ayatollah Sayed Ali Khamenei, said Tuesday there would be no normalization of ties with the United States. Tehran also said it was recalling its ambassador to the Czech Republic over the launch of broadcasts in Persian by the Prague-based Radio Free Europe/Radio Liberty. Page 10.

The Dollar			
	Tuesday @ 4 P.M.	previous close	
DM	7.658	1.5335	
Yen	115.295	114.935	
FF	5.5631	5.5451	
Pound	1.6693	1.664	
Currencies per pound			
The Dow			
	Tuesday close	percent change	
Unch.	8,706.15	Unch.	
S&P 500	1,110.84	-0.07%	
Nasdaq	1,244	-0.69%	

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Newstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Mexico
Cameroon	1,800 CFA Qatar
Egypt	25.50 FF Oman
Gabon	10.00 FF Saudi Arabia
Iran	1,000 CFA Senegal
Italy	1,100 CFA Spain
Ivory Coast	3,000 Lire Tunisia
Jordan	1,250 JD UAE
Kuwait	700 Fils U.S. Mk. (Est.)

## Arafat's Gamble: Taming Hamas Without Provoking a Backlash

By Lee Hockstader  
Washington Post Service

GAZA — Yasser Arafat sipped his cream of mushroom soup in small precise spoonfuls, his lower lip quivering, his left hand shaking, delicate and bleached white by depigmentation. He gave an impression of frailty, and his answers to a reporter's questions were

so concise Tuesday as to be Delphic. On one point, though, he was unyielding, and crystal clear: The wave of arrests he ordered last week to squash the militant Islamic group Hamas is not over, he said in an interview. Asked if the roundup of scores, maybe hundreds, of Hamas activists has gone far enough, he replied evenly, in English: "Not yet."

For decades, Mr. Arafat has straddled Palestinian politics like a Colossus, staying on top by cunning and ruthlessness.

In the days since he signed the Mideast peace plan last month in the White House, though, he has set himself a particularly dicey strategy.

If Mr. Arafat is to gain the territorial and political concessions promised by

Israel in the agreement, he must satisfy American and Israeli demands that he wage a relentless war on terror in Palestinian territory he controls. Yet if he launches a really tough crackdown against Hamas, which has killed scores of Israelis in terror attacks, he runs the risk that Hamas may turn its weapons on him.

On Tuesday, Prime Minister Ben-

jamin Netanyahu of Israel postponed a scheduled cabinet meeting to ratify the U.S.-brokered agreement. The Israelis contended that Mr. Arafat had failed to detail his plan for arresting 30 alleged terrorists, including a dozen in the Palestinian security forces, named by Israel.

See ARAFAT, Page 10

## FOR WOMEN IN ASIA, A NEW ERA STILL RAISES QUESTIONS

### It's Glossy and Flashy, A Vietnam Must-Read

By Thomas Crampton  
International Herald Tribune

HO CHI MINH CITY — The runaway success of a recently launched Western-style women's magazine has government officials here lamenting a moral decline and has raised accusations of illegal foreign investment, but Vietnamese women just can't get enough of Phu Nu.

Vietnam's staid newsstands are suddenly alive with new publications, but few have enjoyed the popularity of Phu Nu, or, for that matter, its circulation triple to more than 100,000 copies per issue — three times the print run of similar publications — as readers snap up its flashy full-color offering of beauty tips, health-care advice and celebrity gossip.

Phu Nu's formula of snazzy, highly charged and lushly illustrated layouts, focusing on practical family and women's issues, contrasts favorably with glossy upmarket glamour magazines as well as Vietnam's stodgy mass-market publications intended to endorse heavy-handed ideological themes.

Other publishers here assert that the magazine is an illegal and hidden investment by Burda-Rizzoli, a joint venture of the Burda group of Germany and Italy's Rizzoli publishing group. The group of Germany and Italy's Rizzoli publishing group, the magazine, its competitors say, demonstrates the length foreigners will go to penetrate the tightly controlled media industry of Vietnam to reach the highly literate consumers of Southeast Asia's second most populous nation.

The competing publishers, both Vietnamese and European, also say that Burda-Rizzoli's extra-legal status highlights the tremendous temptation to skirt the unwieldy bureaucratic hurdles and vague rules that stymie foreign investment in Vietnam.

Organizations here often operate in legal limbo before getting licensed. The very high-profile American Chamber of Commerce, for



As Vietnam loosens its controls on the media, readers can now pick from a wider variety of publications at newsstands.

## Japanese Get Rules On Sex Harassment

By Sheryl WuDunn  
New York Times Service

TOKYO — They take pictures of her long thighs as she climbs into limousines. They capture shots of her sitting in revealingly short skirts, and they dub her the Madonna of the cabinet.

It is not exactly the most respectful way to treat Seiko Noda, minister of post and telecommunications and Japan's youngest cabinet minister since the end of World War II. But, then, the idea of sexual harassment is not foremost in the minds of the mostly male Japanese media, particularly at the weekly magazines.

Women often complain that working women have a tougher time in Japan than in any other industrialized country. While there has been some improvement in recent years, the Japanese government is now trying to confront the issue by releasing new guidelines in an effort to bar sexual harassment.

There is no clear gauge for measuring how common sexual harassment is in Japan compared to other countries, but some statistics are striking: One in seven women surveyed in government offices said they had been pressured into a sexual relationship by men at work, according to a recent official investigation. A more common complaint, cited by two out of three women, is that they have been sexually harassed by men touching their bodies at work.

The guidelines will go into effect a year from now at government offices throughout the country, and they have also been drawing the attention of Japanese companies, which have drawn up new, though much less strict, rules as well. The result is a great deal of grumbling by men ("If you say this is sexual harassment, then we might as well not utter a word!" one woman was told by a male boss), as well as a feeling by many women that the rules are not tough enough.

In some ways, Japan has fewer problems than the United States. Sexual blackmail, in which bosses dangle a promotion or a new assignment in exchange for sex, is not as widespread at large

See JAPAN, Page 4







## Argentine Call Helps Heat Up Climate Talks

By Sebastian Rotella  
Los Angeles Times Service

**BUENOS AIRES** — An international conference on climate change has opened with a debate over a proposal by the host nation, Argentina, challenging fellow developing nations to adopt voluntary limits on emissions of the gases that cause global warming.

As a close U.S. ally and the first developing nation to host such a conference, Argentina wasted no time Monday in framing one of the most divisive issues among about 163 countries gathered here for a huge task: building a framework for implementing the climate-change accord adopted in Kyoto, Japan, last year.

President Bill Clinton's administration wants developing nations to show meaningful progress on reducing emissions of greenhouse gases before the United States ratifies the agreement. It is under pressure from Republican legislators who say the burden on industrialized nations is too heavy.

But China, India and many other developing nations say industrialized nations are the biggest and wealthiest polluters and should meet the emission-



**DELUGE** — Water from two rivers inundating buildings in August, Kansas. The flooding over the weekend, caused by heavy rain, forced hundreds of people from their homes in Kansas and Oklahoma.

reduction targets established for them in the Kyoto Protocol before making demands on poorer nations.

There were fears that mere mention of the issue here would cause a contentious uproar, as occurred last year in Kyoto. Instead, the Argentine proposal provoked a frank but civilized dis-

cussion that lasted for several hours.

In a statement before the talks began, the Argentine ambassador to the United States, Diego Guelar, criticized "the old conspiratorial argument" that labels new environmental policies as "a means to slow down the industrial and competitive development" of emerging economies.

China and other nations blocked the proposal from being placed on the conference agenda. But the chairman, Maria Julia Alsogaray, Argentina's environment minister, will pursue informal conversations about voluntary standards with representatives of developing nations during the two-week meeting.

## Supreme Court to Review Gift-Giving by Lobbyists

By Joan Biskupic  
Washington Post Service

**WASHINGTON** — Taking up a dispute that could broadly affect lobbyists and the gifts they lavish on officials, the U.S. Supreme Court will review the case of a California company accused of giving sports tickets, meals and other gifts to the former agriculture secretary, Mike Espy.

At issue is a criminal statute that bars illegal gratuities and dictates the circumstances under which individuals or companies can give gifts to members of Congress, cabinet officers and other government officials in a position to influence national policy.

The law makes it a crime to give a gift to any public official "for or because of any official act" that they render. But in looking at how close the link has to be between the gifts given and any official actions taken, many courts have ruled that simply giving a gift to an official in a position to make decisions affecting the giver is enough to constitute a crime.

But the District of Columbia Circuit Court, in a decision in March overturning a conviction against Sun-Diamond Growers of California, set a higher standard: It ruled that there must have been some official act from which the

gift-giver benefited, or hoped to benefit, for a law to have been broken. Prosecutors have to show that "the gifts were motivated by more than merely the giver's desire to ingratiate himself with the official generally," the appeals court found.

Wherever the Supreme Court draws the line between illegal and legal gratuities, its decision is likely to affect a large swath of political business in the capital, where lobbyists use a variety of methods, including gifts, to win general goodwill and keep lines of communication open.

In his appeal to the high court, the independent counsel looking into Mr. Espy's activities, Donald Smaltz, said the Circuit Court ruling "seriously undermines the enforcement of an important federal criminal statute designed to promote government integrity." But the lawyer for Sun-Diamond, one of the largest U.S. food cooperatives, said the statute plainly requires prosecutors to show a nexus between the gifts and an official's actions affecting a company.

Mr. Espy is charged with accepting illegal gratuities and violating the Meat Inspection Act of 1907, which bars Agriculture Department employees from taking anything of value from companies they are charged with regulating.

## Guerrillas Ambush Colombian Force

Agence France-Presse

**BOGOTA** — About 100 soldiers, police and leftist rebels have died in an ongoing battle over the remote border town of Mitu, in southeastern Colombia, according to officials and media reports Tuesday.

At least 28 soldiers and policemen were killed Monday when rebels from the leftist Revolutionary Armed Forces of Colombia ambushed a force of 500 soldiers and police approaching Mitu by land, the radio stations Radionet and Caracol reported, quoting government sources.

Between 70 and 80 police officers and 10 civilians were killed earlier in fighting for the town, 660 kilometers (400 miles) from Bogota, a Red Cross spokesman said. Forty to 45 police officers who survived the attack Monday were taken prisoner by the rebels.

The attack is part of the rebels' strategy to be in a strong position ahead of coming peace talks with the government of President Andres Pastrana.

Officials said information from the area was sketchy since the rebels blew up telecommunications towers, effectively cutting off communication lines to Mitu.

Mr. Pastrana cut short a trip to Venezuela because of the attack. He held an emergency two-hour meeting with the army's high command late Monday.

Mitu, situated in Colombia's Amazon jungle near the border with Brazil, is normally accessible only by air and by river. The town of 14,000 had 120 police officers prior to the attack, according to the national police chief, General Rosso Jose Serrano.

An estimated 1,000 guerrillas have been laying siege to Mitu since early Sunday, officials said.

### POLITICAL NOTES

#### Espy Focus Called Overly Racial

**WASHINGTON** — An independent counsel, Donald Smaltz, has complained to a federal judge that defense lawyers are focusing too much on race in his prosecution of a former agriculture secretary, Mike Espy.

Mr. Smaltz said that the charges against Mr. Espy — that he illegally accepted gifts from companies he regulated — had nothing to do with race. But the criticism on Monday was made the same day that one of his witnesses, Richard Douglas, told the jury that Mr. Espy had generated hostility by promoting blacks and members of other minorities to high-level positions.

Under questioning by Mr. Espy's lawyer, Ted Wells, Mr. Douglas said the changes had a dramatic impact at the department. "It was like all of a sudden the slaves took over the plantation," said Mr. Douglas, a black who was deputy agriculture secretary during the Reagan administration. "And let me tell you, it rubbed people the wrong way." (WP)

#### Bush Plugs Son's Running Mate

**AUSTIN, Texas** — Since his son apparently does not need his help to win a second term as governor of Texas, former President George Bush is instead promoting the Republican candidate for lieutenant governor, who is involved in a tight race.

Republicans want to ensure that their candidate for lieutenant governor, Rick Perry, beats a Democrat, John Sharp, so that the party can remain in control of the state's helm should Governor George Bush run for president in 2000.

He is expected to defeat the Democratic candidate, Garry Mauro, easily and gain a second term.

In a 30-second television commercial endorsing Mr. Perry, the former president says: "Barbara and I have known him for a long, long time. And everyone in our family strongly supports him." (AP)

#### Quote/Unquote

President Bill Clinton on his political enemies: "I'm not even angry at them any more; I'm just sorry. The ones that are consumed with personal animosity toward me or toward Hillary I think are just angry because they thought they and their crowd would always be able to drive up to the West Wing to work every day." (WP)

• Six Houston police officers were fired for their role in a bungled drug bust in which a Mexican immigrant was surprised in his home and killed in a storm of bullets. The officers had no warrants and found no drugs. (LAT)

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MONTREAL  
NEW ORLEANS  
NEW YORK  
PANAMA CITY  
PUERTO VALLARTA  
RIO DE JANEIRO  
RIONEGRO  
SAN FRANCISCO  
SAN JOSE  
SAN PEDRO SULA  
SAN SALVADOR  
SANTO DOMINGO  
SAO PAULO  
TORONTO  
VALENCIA  
WASHINGTON, D.C.  
MIDDLE EAST  
ABHA  
ABU DHABI  
AL AIN  
AL JUBAIL  
ANMAN  
BAHRAIN  
BEIRUT  
CAIRO  
DUBAI  
HURGHADA  
JEDDAH  
MADINAH  
MAKKAH  
MUSCAT  
PETRA  
RIYADH  
TAIF  
TEL AVIV  
AFRICA  
ABIDJAN  
CAPE TOWN  
DURBAN  
FRANCEVILLE  
JOHANNESBURG  
KINSHASA  
KRUGER NATIONAL PARK  
LIBREVILLE  
LUSAKA  
NAIROBI  
VICTORIA FALLS  
"FORUM HOTEL"



## INTERNATIONAL

## PUBLISH: It's Glossy, Flashy and a Wild Success in Vietnam

Continued from Page 1

example, has operated in Vietnam since 1994 but only received a license in late September this year. "You tell me a Communist country where it is totally legal to do anything," said Peter Kennedy, Burda-Rizzoli's Asia-Pacific managing director.

While some of Phu Nu's photos and articles are locally produced, much of the magazine's content — including a recent feature on disfigurement through failed face-lifts — are almost direct translations from Burda's German-based Lisa magazine.

Several other recent arrivals on Vietnam's newsstands also bear a striking resemblance in layout and content to periodicals put out by some of the world's most influential publishing houses. These include the Vietnamese-language PCWorld, which includes translations from the Ziff-Davis publication of the same title, and Van Hoa woman's magazine, which regularly runs articles translated from international editions of Hachette-Filipacchi's Elle. Yet none of these magazines indicate in print that foreign investment is involved.

The Vietnamese authorities regularly censor publications imported from overseas and remain extremely wary of foreign involvement in ventures affecting culture or mass media.

Any cooperation with a foreign media company requires a government license, but only the Swiss publishing company Ringier and the Australian Consolidated Press have permits, according to the Ministry of Planning and Investment's project monitoring department. No new joint venture licenses have been granted since 1996, a department official added.

A foray into women's publishing here by Hachette-Filipacchi last year — with Kesame Moderne — ended with a government shutdown after just one issue due to lack of authorization.

Burda-Rizzoli officials in Vietnam initially denied any links with Phu Nu, and in fact led a reporter on a tour of their premises, which they portrayed as a data-

entry operation engaged in retying German dictionaries. But Mr. Kennedy later said that the European publisher operates in Vietnam with high-level government consent under a "somewhat different" structure from most foreign investors.

"Are we an illegal foreign investment? You could say it and you could not say it," he said. "We have been allowed to operate and the government knows we are there and have met ministers of the highest level."

A member of Phu Nu's editorial staff described importing the publication's 40 computers into Vietnam as luggage on eight international flights. Under normal circumstances, foreign investors can merely bring technical expertise to a publishing joint venture in Vietnam. The foreign company can assist with layout and business management, but all editorial content is supposed to be under control of the Vietnamese partner.

State controls on the media have loosened in recent years, bringing a flood of new advertising-driven publications onto the newsstands, but the media are still considered an important

tool for propaganda that officials emphasize should not become too commercial or consumer-oriented.

"The party regards mass media groups as frontline soldiers on the cultural ideological battlefield," Le Kha Phieu, the Communist Party general secretary, said last month.

The editor of one up-market glossy magazine was recently berated by a Communist Party ideologue for not writing enough articles on fashion for farmers, and Western-style magazines have sometimes been criticized for promoting consumerism and other values portrayed here as immoral.

Neither Burda-Rizzoli nor Ringier are making any profits from the ventures, company officials said. Both regard their ventures as long-term investments.

(The International Herald Tribune is a partner of the Rizzoli publishing group in a joint venture that produces a daily supplement of English-language news in Italy.)

Complicated regulations and being held at arm's length from editorial content by the authorities hinder foreign partners from transplanting a successful magazine formula from overseas. This probably encouraged Burda-Rizzoli to blur its involvement in Phu Nu, said Sen Hoa, deputy chief representative of Ringier. Ringier has been involved with two licensed joint-venture magazines, New Fashion and Vietnam Economic Times, since the early 1990s.

"Ringier came here at the early stages of Vietnam's opening and we respect and obey all national regulations," Sen Hoa said. "We now realize that foreign companies have recently entered in secret so they can control editorial areas we do not touch." She added, "Thanks to this increased control they can make a magazine like Phu Nu extremely successful, while it is still difficult for us to operate."

Mr. Kennedy said the comments by Ringier were "jealousy-driven," adding that Burda-Rizzoli had begun applying for an official foreign investment license.

## JAPAN: Government Produces Guidelines on Sexual Harassment

Continued from Page 1

corporations. One reason is that bosses in such companies have no direct control over promotions, because all major assignments are determined by a centralized personnel department.

So even if many women find themselves under pressure to sleep with their bosses, giving in to the pressure is unlikely to advance their careers much. But whether they give in often affects the kinds of tasks they are given. In many companies, women are mostly on an "office lady" track, where they have few opportunities to advance — a situation that perhaps reflects traditional, discriminatory attitudes toward women that underlie the harassment.

"There are Japanese people who still think that women are just cute and obedient," said Minako Nishijima, a senior official at Nikkeiren, Japan's largest labor union. "That kind of thinking has been accepted without resistance throughout history."

Japan is not remotely a litigious society, and few women have taken their complaints to court. Even if they win, the compensation awards are tiny compared to those in America. "In Japanese society, people like to settle disputes amicably and harmoniously as possible," said Pauline Reich, a professor at Waseda University School of Law.

Still, a fear of lawsuits has led many Japanese companies to consider buying insurance that could cover them if an employee sues for sexual harassment.

In a society where the word for wife, "oku-san," literally means "Mrs. In-the-Back-of-the-House," the government's new sexual harassment policy marks a major new step. Under the guidelines, women in government offices can no longer be forced to serve tea or run personal errands. And men will no longer be able to ask questions about sexual experience, or show off obscene posters or magazine photos.

Still, attitudes will be hard to change. It used to be that many women were

under pressure to quit work when they got married. These days they can work, but pressure to resign comes when they have children.

A 25-year-old college graduate who worked as a clerk at a small distribution company for nearly four years recalled similar intrusions into her private life.

"Those bosses would say, 'Why don't you get married?'" she said. "If we take a holiday, they ask, 'Are you having an arranged blind date?'"

Many men presumably think they are just being friendly, but women often resent such questions as intrusive. Many women also complain that they are always the ones asked to serve food or drink.

One of the symbols of tradition in corporations, in fact, is the tea service. At many companies, tea or coffee is served twice a day, often to the desks of all the employees, with the women having to remember who takes sugar or milk.

By next year, government offices may have to bring in self-service tea time, if women no longer care to serve.

## BOOKS

## OFFICIAL SECRETS

What the Nazis Planned, What the British and Americans Knew

By Richard Breitman. 325 pages. \$25. Hill and Wang.

Reviewed by Deborah E. Lipstadt

THE Holocaust seems to have become a matter of current events. The media have paid prominent attention to Swiss banks' refusal to release Holocaust victims' funds; to the use by major German firms, including Volkswagen and Mercedes, of wartime slave labor; to German insurance companies' refusal to honor policies purchased by Holocaust victims; to the Vatican's ambivalent statement on the Holocaust, and to the debate over the participation

of "ordinary Germans" in the annihilation process.

All these stories have a common theme: Rather than perpetrators or victims, they concern those who once claimed to have been bystanders to the killing process. We learned that virtually everyone who professed ignorance of the Holocaust knew far more than they claimed and many of them could have acted to rescue some Jews.

Among those who knew more than they claimed and did less than they could have were the Americans and British. Using newly released archival documents, Richard Breitman's "Official Secrets" makes some startling revelations in this regard but does so in a low-key and restrained fashion. The book would have been a welcome addition to the

corpus of work about the Allied response to the Holocaust at any time. But recent events in the Balkans, among other places, have given this discussion about "standing idly by" a contemporary resonance.

Some of Breitman's disclosures will be familiar to readers. His revelations that the British decoded German radio transmissions and gathered detailed information on the killings shortly after they commenced in mid-1941 captured headlines in many American newspapers a few months ago. By the fall of 1941, British security services knew where, when and how many had been killed. The British argued that they could not release this information because the Germans would have deduced that their codes had been compromised. But as Breitman points out, when the British wished to, they found ways to protect their sources. Had the victims been warned, some could have fled or gone into hiding. Moreover, in a major address, Churchill revealed other information gathered from these very transmissions, but he never mentioned the killing of Jews.

Shortly after the death camps began operating, the British were also able to decode information about the movement of Jews to Auschwitz. Subsequently the Allies received information from a variety of couriers and other sources about the camp itself, the shipment of killing gas and the existence of gas chambers. Until now most historians have assumed that it was not until late 1944 that much of this information became available to the Allies.

In fact, as the newly declassified information reveals, this information was available long before then. But neither American nor British officials were willing to seriously examine the material or give it the credence that was its due. Once they did figure out what it meant, they were not moved to publicize it. Some officials continued to

dismiss it as the product of Jewish exaggeration.

The Allied officials who believed these reports kept arguing that short of winning the war there was nothing that could be done to help Jews. While this was true for the initial years of the war, by mid-1943 it was obvious that an Allied victory was in the offing. There was limited military action the Allies could have taken to rescue Jews, but they could have used direct and indirect pressure to slow down the annihilation process. They could have urged German satellite nations to refuse to participate in the killings. But most officials, with the exception of Treasury Secretary Henry Morgenthau Jr. and a few of his colleagues, thought this was not part of the Allied mandate. It was, as Breitman correctly contends, a terrible moral failure.

Contemporary critics of the Roosevelt administration argue that a significant portion of the Jews who fell victim to the Germans could have been saved if the Allies had only wanted to do so. At the other end of the spectrum are the Roosevelt supporters who, appalled by the attacks on his reputation, argue that the Allies could not have saved even one more Jew than they did.

Both of these are vast exaggerations more rooted in postwar politics than in serious historical research. The first position disregards the absolute German commitment to murder Jews and the difficulty of moving people out of war-torn Europe. Nonetheless, some Jews certainly could have been saved, and those who argue otherwise would do well to read Breitman's important book and refrain from making such patently spurious claims.

Deborah E. Lipstadt, author of "Denying the Holocaust: The Growing Assault on Truth and Memory" and Dorn, professor of modern Jewish and Holocaust studies at Emory University, wrote this for The Washington Post.

## BEST SELLERS

The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		
FICTION		
This Week	Last Week	Wk. on List
1 BAG OF BONES, by Stephen King	1	4
2 THE VAMPIRE ARMY, by Anne Rice	1	1
3 RAINBOW SIX, by Tom Clancy	2	11
4 WELCOME TO THE WORLD, BABY GIRL, by Fannie Flagg	7	4
5 ALL THROUGH THE NIGHT, by Mary Higgins Clark	1	1
6 THE POISONWOOD BEE, by Barbara Kingsolver	1	1
7 THE REEF, by Nora Roberts	4	3
8 THE LOOP, by Nicholas Evans	3	6
9 THE HUNDRED DAYS, by Patrick O'Brian	5	3
10 MEMOIRS OF A GEMMA, by Arthur Golden	9	49
11 I KNOW THIS MUCH IS TRUE, by Wally Lamb	8	18
12 TELL ME YOUR SECRETS, by Sidney Sheldon	6	8
13 FIELD OF THIRTEEN, by Dick Francis	12	6
14 MESSAGE IN A BOTTLE, by Nicholas Sparks	13	28
15 SUMMER SISTERS, by Judy Blume	11	22
NONFICTION		
1 THE DEATH OF OUTRAGE, by William J. Bennett	2	8
2 TUESDAY WITH MORRIE, by Mitch Albom	1	54
3 THE TEN COMMANDMENTS, by Laura Segalinger and Stewart Segal	3	6
4 THE BRIGHT LIGHT, by Danielle Steel	6	6
5 HIGH CRIMES AND MISDEMEANORS, by Ann H. Coulter	11	6
6 LINDBERGH, by A. Scott Berg	4	4
7 JUST JACKIE, by Edward Klein	7	2
8 PURE DRIVE, by Steve Martin	5	3
9 THE PROFESSOR AND THE MADMAN, by Simon Winchester	8	5
10 WORKING WITH EMOTIONAL INTELLIGENCE, by Daniel Goleman	15	2
11 A PIRATE LOOKS AT FIFTY, by Jimmy Buffett	9	20
12 A WALK IN THE WOODS, by Bill Bryson	14	21
13 DAVE BARRY TURNS 50, by Dave Barry	1	1
14 ANGELA'S ASHES, by Frank McCourt	110	
15 CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	13	98
ADVICE, HOW-TO AND MISCELLANEOUS		
1 SOMETHING MORE, by Sarah Ban Breathnach	1	1
2 IF LIFE IS A GAME THESE ARE THE RULES, by Cherie Carter-Scott	2	5
3 THE 9 STEPS TO FINANCIAL FREEDOM, by Steve Oram	1	30
4 SUGAR RUSTLES, by Lillian Steward et al.	3	25



## EUROPE

## Schroeder Looks Abroad to Reassure Allies

By William Drozdiak  
Washington Post Service

WASHINGTON — During his election campaign, Gerhard Schröder unabashedly stole a page from Bill Clinton's book and vowed he would focus like a laser beam on the economy. Even after he defeated Helmut Kohl in September, the new German chancellor declared that his government would stand or fall on its record in creating jobs.

But after his election, Mr. Schröder quickly embarked on an extensive series of foreign trips with the ostensible goal of reassuring his foreign counterparts that he plans no radical departures from the Kohl era.

Having visited Paris and Washington just days after his election, Mr. Schröder traveled to Britain on Monday to meet with Prime Minister Tony Blair. He will also go to the Netherlands and Poland this week and afterward will pay a working visit to Moscow and make an appearance at a Baltic regional conference.

The hectic itinerary for a Social Democratic politician with little background or interest in foreign affairs was conceived by Mr. Schröder's advisers as a way to demonstrate his desire to maintain friendly relations with Germany's main allies and im-

mediate neighbors. Senior officials acknowledge that the whirlwind tour also was designed to quell any anxieties abroad about Mr. Schröder after 16 years of a Kohl-led Germany.

Mr. Schröder's lack of previous involvement in world affairs, foreign diplomats say, is compounded by the inexperience of his foreign minister, Joschka Fischer, leader of the environmentalist Greens.

"The learning curve of these two fellows could be long and slow," a senior U.S. official said. "It will be very different than the days of Kohl, Schmidt and Brandt."

He was referring to Mr. Kohl's predecessors as chancellor, Helmut Schmidt and Willy Brandt.

Recognizing that Germany's allies may be worried by the Greens' pacifist and anti-nuclear roots, Mr. Fischer has decided to build up trust with his new peers. He was to meet Tuesday in Washington with Secretary of State Madeleine Albright and then travel to New York to see the United Nations' secretary-general, Kofi Annan.

Mr. Fischer passed his baptism of fire by managing to skirt a potential

dispute with London and Paris over whether Germany would accord upgraded status to Britain that could rival its close partnership with France.

"Whether you talk of an axis with France or a triangle with Britain," Mr. Fischer said, "this smacks of 19th-century nationalism that has no place in today's Europe."

**'The learning curve of these two fellows could be long and slow.'**

A former taxi driver and self-described street revolutionary, Mr. Fischer insists he will conduct foreign policy based on German and European interests, not the political ideals of the Greens.

He has retained Wolfgang Ischinger and Hans-Friedrich von Ploetz, two senior diplomats, as his top counselors and plans to appoint Karsten Voigt, a Social Democrat respected for his expertise in security issues, as Germany's next ambassador to the United States.

Both Mr. Schröder and Mr. Fischer say they would prefer to see Germany channel its influence through multilateral institutions such as the North Atlantic Treaty Organization and the European Union.

But after only a week in office, some new accents suggest that a gov-

ernment run by the Social Democrats and Greens is likely to make significant course corrections in key foreign and security policies.

The Social Democrats and the Greens have long supported ambitious disarmament proposals that may cause friction with the United States. As NATO embarks on a major strategy review, many critics of nuclear weapons expect the new German government to argue for pledges of "no first use" of nuclear weapons and other initiatives to wean the alliance from its dependence on those weapons as a strategic deterrent.

In addition, although Germany joined other NATO states in approving air strikes against Yugoslavia unless it halted its military action against ethnic Albanians in Kosovo, senior German officials said any new crisis would require a reappraisal of whether such attacks could be launched without the explicit approval of the UN Security Council.

Mr. Schröder's government also has served notice that it wants major reforms in global financial markets to prevent risky lending practices and disruptive capital flows. Germany's new desire to use state powers to rein in global markets has prompted some chagrin within the Clinton administration, which has been skeptical about interfering with the markets.

## Spain and Rebels to Talk

Prime Minister Authorizes Meetings With ETA  
As Madrid Tests Basque Separatists' TrustworthinessBy Al Goodman  
New York Times Service

MADRID — Prime Minister Jose Maria Aznar publicly authorized his government on Tuesday to talk with people close to the Basque guerrilla group ETA, in a step to test the trustworthiness of the rebels who announced an unprecedented "indefinite" cease-fire six weeks ago.

Mr. Aznar, who survived a bomb attack by ETA in 1995, when he was the opposition leader, has said there can be no peace talks directly with the ETA until it permanently renounces violence to end its 30-year armed fight for an independent Basque homeland.

The prime minister's chief spokesman, Josep Pique, said the initial talks would aim "only to verify if there is a real willingness to abandon arms and stop the violence."

But soon after Mr. Aznar confirmed to reporters with a simple "yes" when asked whether he had authorized the initial contacts, some aides were saying privately that the Basque rebels blamed for 800 deaths already were showing signs of wanting to make the peace permanent.

There have been no violations of the unilateral cease-fire, the first in ETA's

armed struggle without conditions or an end date, one aide said.

The leftist hard-line separatist political party linked to the rebels, he added, has expressed respect for the results of the Basque parliamentary elections last month in which moderate Basque nationalists prevailed.

The government insisted that it would not reveal the timing, location and the participants in the initial talks, although one aide said he had heard speculation that they might be held in neighboring France, or Belgium, or even Mexico.

They would be the government's first officially acknowledged contacts since 1989 with the world of the ETA, whose initials in the Basque language stand for Basque Homeland and Liberty. And the first ever by a conservative government.

The previous talks under the Socialist government lasted just a few months in early 1989 before breaking off, with both sides blaming the other, and the cycle of violence continued.

But officials expressed hope that this time would be different because police arrests have thinned the ranks of the rebels, who have also been pressured by unprecedented and massive street demonstrations in Spain since last year.

## BRIEFLY

## EU to Vote on Ending Beef Ban

BRUSSELS — A proposal to end the European Union's worldwide embargo on British beef, imposed because of fears of "mad cow" disease, is to be put to a vote Wednesday in a move expected to lead to the ban being lifted by the end of the year, EU officials said Tuesday.

The proposal before the EU's Standing Veterinary Committee calls for exports to be authorized for beef from cattle born after Aug. 1, 1996, or those under 30 months of age that have had no contact with herds with a history of the disease, bovine spongiform encephalopathy. (AFP)

## Judge Tries Again on Pinochet

MADRID — A Spanish magistrate reapplied Tuesday for the extradition of Augusto Pinochet, who is free on bail and in a private hospital in Britain, legal sources said.

The magistrate, Baltasar Garzon, acted on behalf of families with relatives murdered in Chile during the Pinochet regime. He initiated the process that led to Mr. Pinochet's arrest in London on Oct. 6. The British High Court has ruled that the former dictator, 82, cannot be extradited. The House of Lords is to hear an appeal starting Wednesday. (AFP)

## Greek Leader Likely to Prevail

ATHENS — Greece's Socialist government was set to win a parliamentary confidence vote Tuesday despite divisions over fiscal measures taken to lead the country into Europe's single currency.

The governing party holds 160 seats in the 300-seat Parliament. The office of Prime Minister Costas Simitis has warned that any Socialist deputy who votes against the government will be expelled from the party. (Reuters)

## For the Record

Bruno Megret, the No. 2 man in France's far-rightist National Front, said he would run for mayor of Marseille in 2001 with the approval of the group's leader, Jean-Marie Le Pen. (AP)



COURT APPEARANCE — Nada Sakic, 72, a Croatian woman suspected of torturing inmates in the country's most notorious World War II camp, told a judge in Zagreb on Tuesday that she did not want to waste her time answering the charges.

## Primakov Is Warned of 'Rotting' Graft

Legislator Accuses Top Officials in Russian Government of Corruption

By Michael Wines  
New York Times Service

MOSCOW — Russia's capital city, which has seemed unwilling to muster even medium dudgeon anymore on questions of politicians and politics, is suddenly buzzing over an allegation that virtually all Muscovites regard as a given: that the government is corrupt.

The accuser is Grigori Yavlinsky, a respected, if ideologically committed, reform-minded legislator who was the first politician to promote Yevgeni Primakov for the post of prime minister last month.

On Monday, in a move blunt even by the bare-knuckled rules of Russian political debate, Mr. Yavlinsky gave Mr. Primakov a letter seeking investigations of the conduct of his two highest-ranking aides, two subordinates directly beneath them and a ranking official of the state tax service.

The letter is signed by three members of Mr. Yavlinsky's Yabloko political faction, which holds a sliver of seats in the lower house of Parliament. But the message belonged to Mr. Yavlinsky himself, who said at a news conference Monday night that "corruption is an abso-

lutely rotting element of all power bodies, and probably most of all in the Russian government."

Among 16 specific charges, Mr. Yavlinsky's letter questions whether First Deputy Prime Minister Yuri Maslyukov, a Communist and the government's senior economic adviser, steered government money or favors to businesses in which he or his relatives held an interest. It also asks whether First Deputy Prime Minister Vadim Gustov, the former governor of the Leningrad region, has funneled favors to businesses that financed his gubernatorial campaign.

Elsewhere, Mr. Yavlinsky's letter raises questions about the agriculture minister's conduct when he held the same post in the last days of the Soviet Union and later as an official of a major bank.

It also asks what favors several officials granted to businesses seeking exemptions from government rules and what benefits those exemptions brought about.

Mr. Maslyukov's office alone has received more than 300 requests for special treatment from businesses and other groups, he said.

A spokesman for Mr. Maslyukov, perhaps the central target of Mr. Yavlinsky's charges, called the charges

baseless and shallow and said they were an attempt to split the government so that free-market advocates could retake power.

Monday night, Mr. Primakov responded dismissively to the complaints, calling the charges "general phrases" and adding that Mr. Yavlinsky's blanket allegation of government rot suggested that the Yabloko faction was infected with corruption as well.

The state prosecutor general has threatened to sue Mr. Yavlinsky for libel if he cannot prove the charges, but Mr. Primakov has gone no further than to suggest that Mr. Yavlinsky take his evidence to prosecutors.

Mr. Primakov also joked about Mr. Yavlinsky's decision last month to turn

down his offer of a job in the new government, saying Mr. Yavlinsky must have rejected it "because he did not have enough money to pay for the post."

Ordinary Russians may fail to see the humor. The network television public-affairs program "Itogi" focused on Mr. Yavlinsky's charges Sunday, before the Yabloko letter was released.

Asked to register their opinion on whether Mr. Primakov's government was indeed corrupt, 16,500 people responded within a few hours. More than 92 percent of them answered yes.

That was not entirely unexpected. Corruption was a fact under Soviet rule, both among regular citizens striving to eke out a living and high officeholders.



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## INTERNATIONAL

# With Kosovo's Health System a Casualty, Civilians Die

By Mike O'Connor  
New York Times Service

PRISTINA, Yugoslavia — The climate of fear in Kosovo during the Yugoslav government's offensive against ethnic Albanian rebels has caused the rural health system to collapse, aid workers and the few remaining health workers say, and hundreds of civilians may have died as a result.

The workers also say that doctors who have been arrested, beaten and in at least two cases killed by government forces.

While aid workers contend that they see a pattern of attacks on doctors, it is unclear whether it is an intentional effort to destroy the health care system or the inevitable result of war.

Many of the doctors who previously served the rural population have been afraid to give medical care to civilians in areas controlled by rebels, aid officials say. The few doctors who remained behind rebel lines are working without supplies and equipment, and in many cases their clinics have been destroyed.

Doctors say that even with a cease-

fire that is allowing many civilians to return to their villages, fear among doctors and their patients is so high that people continue to die needlessly for lack of care.

Government troops have destroyed many villages, including health clinics, and hundreds of civilians have died during their offensive against ethnic Albanian guerrillas. Many civilians in rebel-held areas are afraid to go to government-controlled areas for needed care, international medical officials say.

Confronting a panorama of misery and illness, those officials say they do not have exact numbers of civilians who have died without treatment or of physicians who have been stopped from treating the ill. But they say that about 20 doctors have been arrested or have fled the country and that hundreds of civilians may have died because of the collapse of the rural health care system.

"This is a systematic policy on the part of the government," said a senior official of an international health agency, who spoke on condition of anonymity. "It is intended to remove medical people and to destroy the rural health care as much as they can get away with. It's working fairly well."

Yugoslav government officials said that there was no policy of intimidating health care workers and that the doctors who had been arrested were guilty of supporting armed insurgents.

In the area of Kosovo around Ora-hovac, and in other areas, civilians are afraid that if they leave rural zones where the rebels dominate to seek health care in the regional hospital, they will be arrested. For these people, medical care has virtually stopped, except for the simplest treatments or for care offered by the occasional visiting foreign doctors from aid agencies.

On a rural road in the Orahovac region Sunday, a panic-stricken man, whose wife gave birth 10 minutes earlier, flagged down a car with a journalist in it and said: "My wife just had the baby, and then she lost consciousness. Get her to the hospital. No one from this area is safe taking her there."

The nearest medical clinic was destroyed by government forces. A district health center in Malisevo is empty of staff and medicine. Its doors are barricaded and possibly booby-trapped by the Serbian police like other places in this area. The man and his wife had returned only the day before from three months

of living in the open in the forest while hiding from government forces who had overrun and looted their village.

The woman and the baby were driven to the government hospital in Orahovac. The woman's husband, fearing arrest, did not accompany them. From Orahovac, they were transferred to Pristina, where the woman remained in critical condition late Monday. The baby girl survived.

Local doctors say many of their colleagues have fled or have been arrested, sometimes on charges of aiding the rebels. Those remaining work without adequate medication or even electricity.

After destroying many villages and displacing more than 250,000 people, the government has withdrawn many of its forces from Kosovo under threats of NATO air strikes. But the fear remains. And as civilians who fled begin to come out of hiding and return to their villages, they and the doctors who cared for them report that many villagers died while on the run.

"We woke up to the sound of artillery shells coming in, and we just started to run," said a doctor in the village of Kisma Reka. "There was no time to take medicine."

The doctor would only give his first

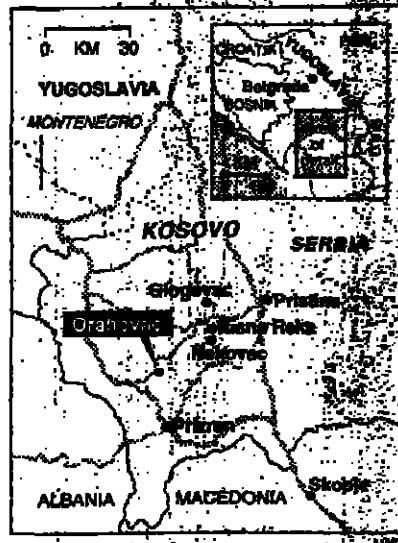
name, Ismet, saying he feared arrest.

"In the mountains the old people and the babies were the weakest," he said, "and we could not help them all. Unfortunately, some died." His clinic was destroyed. He has put together something makeshift and rather primitive.

"This is where I will stay for a long time," he said, "because for me it is too dangerous to leave." Asked if he was perhaps being too cautious, he named four doctors, personal friends, two of whom had been killed, he said, and two of whom had been arrested.

In central Kosovo, two other doctors sat in their hideout Sunday. Although they were well behind rebel lines, a 9mm pistol was within quick reach on a window ledge. "I haven't moved from this area for eight months," said Dr. Gani Halilaj. "I know what will happen if they get me."

The other physician, Dr. Fadil Beka, said: "Whenever the police interrogate someone from around here they always ask where the doctors are. But I have a good conscience. I know that doctors are to help people, anyone who needs their help." Dr. Beka, a surgeon, estimated he had done 300 operations in three months, somewhat less than half



on wounded rebel fighters.

The two doctors said they and other physicians in an area with about 10,000 people and that lack of medical supplies along with unsanitary living conditions had killed many of their patients.

Dr. Beka, speaking of the regional health center in the nearest town where the two doctors have worked, said: "Before the offensive, five other doctors used to come here, our colleagues from Glogovac. But it is too dangerous now and they won't take the risk."

## France Says Spy Incident Will Not Hurt NATO Ties

Accused Major Reportedly Lacked Top Access

By Charles Trueheart  
Washington Post Service

PARIS — The French government on Tuesday rejected suggestions that its credibility with allies would suffer from a French Army officer's stunning confession to having passed sensitive information about NATO bombing targets to Serbian agents last month.

The officer, Pierre Bunel, a major in the French Army, was working at NATO headquarters in Brussels as chief of staff to France's top military representative, General Pierre Wiroth, when his behavior reportedly aroused the suspicions of France's military intelligence service.

Sources in Paris and Brussels said it was not likely that Major Bunel had access to any detailed targeting plans, which are held closely by NATO's U.S.-dominated military leadership, but rather may have known in more general terms about possible military sites.

France is not part of the alliance's military command structure, and Major Bunel's duties and security clearance in Brussels reflected that limited role, the sources said.

A 26-year career language specialist who was decorated by the United States for his role in the Gulf War, Major Bunel was arrested and questioned by the French Defense Protection and Security Directorate about two weeks ago.

After notifying Washington and other allies that a likely French spy had been caught, Defense Minister Alain Richard turned the case over to a civilian investigating magistrate, Gilbert Thiel. Friday, Major Bunel was jailed Saturday.

French government press officials on Tuesday rejected the idea that the spy case would damage France's relations with its allies. The Defense Ministry's Jean-Francois Bureau said "there is no sign of any change in relations." The Foreign Ministry's Anne Gazeau-Secret told a reporter who raised the



Pierre Bunel, left, arrested for passing NATO secrets to the Serbs, is flanked by General Michel Roquejoffre in a 1990 photo in Saudi Arabia.

question. "You're joking."

But for the daily newspaper Liberation, even an individual case of spying for Serbs "can only reinforce the bad

reputation from which the French Army suffers, notably among American and British armed services, in the former Yugoslavia."

## Only a 'Few Hundred' Thought to Lack Shelter

But UN Agency Says Kosovo Count Is Rough

The Associated Press

PRISTINA, Yugoslavia — A week after NATO's decision not to strike against Yugoslavia, the UN refugee agency said Tuesday that thousands of displaced people in Kosovo Province had found shelter, as shuttle diplomacy moved into a second round.

A U.S. envoy, Christopher Hill, met Tuesday with the ethnic Albanian leader, Ibrahim Rugova, in the provincial capital, Pristina, for discussions on a draft agreement. On Monday, Mr. Hill held separate talks with the Serbian president, Milan Milutinovic, and a European Union envoy, Wolfgang Petritsch, after arriving from the Macedonian capital, Skopje.

Mr. Hill, U.S. ambassador to Macedonia, has led international efforts to bring the two sides closer to a political solution for the Serbian province. Hundreds of people have been killed and at least 250,000 others have been forced from their homes in Kosovo since Ser-

bian authorities began a crackdown on ethnic Albanian separatist guerrillas in February.

The number of people camped in the open, however, has dropped considerably, since President Slobodan Milosevic of Yugoslavia pulled his troops out of the province last week, said Jeanes Franquin, a spokesman for the UN High Commissioner for Refugees in Geneva.

Mr. Franquin said the number living in the open was now estimated to be "a few hundred." He cautioned that the numbers were "very approximate" because many of those displaced in the "back-draw" had not returned home but were staying with neighbors or relatives.

On Tuesday, however, a regional command of the rebel Kosovo Liberation Army asserted that Serbian forces have not been withdrawing from checkpoints in the west of the province.

The report could not be independently confirmed; there was no immediate response from the Serbian side.

## Mideast Rivals Make Appeal to U.S.

Israeli-Palestinian Disputes Put Fragile Peace Agreement at Risk

By Deborah Sontag  
New York Times Service

JERUSALEM — The fragile understanding between the Israelis and the Palestinians was severely tested on Tuesday as both sides appealed to the United States to salvage the peace agreement, underscoring the central role that the Americans have accepted as arbiter of the memorandum signed at the White House a week ago.

Prime Minister Benjamin Netanyahu of Israel again postponed presenting the agreement to his cabinet for ratification on Tuesday, demanding that the Americans wrest from the Palestinians a specific timetable, in writing, for arresting 30 fugitives wanted for terrorism.

And the Palestinians, accusing Mr. Netanyahu of political brinkmanship, implored the Americans to compel the Israelis to move beyond an impasse that jeopardizes the accord. The Palestinians said the Israelis were taking advantage of the delay to establish new Jewish settlements in the West Bank, which would be illegal once the agreement takes effect.

The Americans said that the Palestinians had submitted an acceptable security plan, meeting their obligations for the accord to take effect. Joe Lockhard, a White House spokesman, referred to the timetable as part of "other concerns" raised by Mr. Netanyahu.

But two senior Israeli ministers said the Palestinians were supposed to and did not include a timetable for the fugitives' arrest in the security blueprint, which is a classified document.

Natan Sharansky, the trade minister, said the Israelis had wanted in writing a

verbal commitment that the Palestinians had given during negotiations at the Wye Plantation in Maryland: that the fugitives would be arrested 10 at a time on the second, sixth and 10th week of the 12-week implementation.

"It's not just a detail, it's one of the more central parts, and when we finally got the plan from the Americans, it was absent," Mr. Sharansky said. "This needs to be fixed, and it can only be fixed through the Americans, and we expect to see very clear language from the United States. We need dates and figures, something that can be checked and controlled."

Several senior Palestinian officials, on the other hand, said the Israelis were treading dangerous ground in trying to force sensitive security issues out into the open. Saeb Erekat, who was a top negotiator in Maryland, said the Israelis were trying to humiliate the Palestinian officials before their own people.

"They are going out of their way to make it seem like we are agents of the Israelis, ready to do their bidding," Mr. Erekat said. "We have prepared a security plan. The Americans have accepted it. It is a classified document. The Americans should intervene immediately to make Netanyahu honor his commitments, or this will go on forever and he will never be satisfied."

An Israeli official said the prime minister's representatives made a phone call at 3 A.M. Washington time to Dennis Ross, the American peace envoy, to ask that the timetable for the arrests be put in writing before the cabinet meeting scheduled for Tuesday afternoon.

In Israel, political analysts struggled to guess at Mr. Netanyahu's motiva-

tions for canceling his cabinet meeting, further delaying an implementation plan that is on a very tight schedule.

Some speculated that he was buying time until Ariel Sharon, the foreign minister, recovered from the blow to his face: down the "right wing" opposition among his ministers. Others believed he was trying to stall and win a last concession from the Palestinians in order not just to win a majority, but a decisive majority, in the cabinet ratification vote.

"I think he wants to pull out all the stops and make the vote an impressive victory with complete, razor-sharp details," said David Haddad, the diplomatic correspondent for Ha'aretz, a daily newspaper.

And still others wondered if this were genuine ideology rather than political pragmatism: speaking a last-minute spasm of mistrust over the Palestinians' intentions.

### Protest in East Jerusalem

Israeli peace activists protested the construction of a Jewish neighborhood in traditionally Arab East Jerusalem on Tuesday, and five demonstrators were arrested after stepping in front of a bulldozer. The Associated Press reported from Jerusalem.

The protest in the Ras al-Amud neighborhood was organized by Peace Now, which favors the creation of a Palestinian capital in East Jerusalem, which Israel captured in the 1967 Middle East war.

The 1.6-hectare construction site is owned by an American businessman, Irving Moskowitz, a supporter of Jewish settlers who plan to build 22 mans on the site.

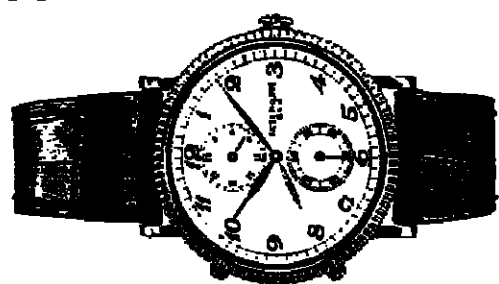


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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

## Obasanjo, Ex-Military Ruler, To Seek Nigerian Presidency

Compiled in Our Staff From Dispatches

OTTA, Nigeria — General Olusegun Obasanjo, the only Nigerian military ruler to step down voluntarily from power, said Tuesday that he would run for president in elections set for February.

"I am here to inform you that I have decided to offer to serve our country again," General Obasanjo said at his farm at Otta, 40 kilometers (25 miles) north of Lagos. "I therefore intend to seek the nomination of our party, the People's Democratic Party, as its presidential candidate."

General Obasanjo, 61, was freed by Nigeria's military ruler, General Abdulsalam Abacha, in June, three years into a 15-year jail term for an alleged plot to topple the late dictator Sani Abacha.

General Obasanjo ruled Nigeria for three years before stepping down in 1979. General Abacha is following in his footsteps with his own plan to restore power to elected civilians in Africa's most populous nation of 108 million people next May.

Last week, General Obasanjo formally announced his membership in the People's Democratic Party, which comprises veteran politicians from across the country, saying its programs met his objective of keeping ethnically divided Nigeria united.

General Obasanjo was a key aide to General Murtala Mohammed, the military ruler who was killed in a failed coup in 1976. General Obasanjo seized power and three years later handed over to a civilian regime.

(Reuters/APP)



ASIA/PACIFIC

# Police Witness Says Sex Investigation of Anwar Started in '92

By Keith Richburg  
Washington Post Service

**KUALA LUMPUR**—The politically explosive sex-and-corruption trial of Malaysia's former deputy prime minister moved Tuesday from legal wrangling to the substance of the charges against him, with a senior intelligence officer testifying that police had opened an investigation into Anwar Ibrahim's sexual practices as early as 1992.

Mohammed Said Awang, the director of the police's special branch, appearing as the government's first witness against the popular Mr. Anwar, said allegations of sexual misconduct first surfaced six years ago when Mr. Anwar was finance minister, and he said the police then opened an investigation code-named Solid Grip.

Mr. Anwar, who was appointed deputy prime minister in 1995 and until September was Malaysia's second most powerful politician and the designated heir to Prime Minister Mahathir bin Mohamad, has been charged with five counts of sodomy and five counts of corruption. The trial on four of those charges opened Monday.

The corruption counts center on government accusations that Mr. Anwar used his powerful position to get police to quash the investigations into his alleged sexual misdeeds.

The special-branch director testified Tuesday that in August 1997, Mr. Anwar called for a meeting to discuss what he called wild allegations circulating about him. Government prosecutors contend that Mr. Anwar tried to tamper with the police inquiry. But Mr. Mohammed Said said only that "Anwar asked me to look into the matter."

Mr. Anwar has pleaded not guilty to all the charges against him and has accused Mr. Mahathir, his longtime mentor, of using trumped-up allegations to discredit his name and remove a popular political rival.

Mr. Anwar's arrest Sept. 20 ignited an outpouring of public protest in Malaysia against Mr. Mahathir and has brought to the surface pent-up frustrations with the country's political system, restrictions on the press, a police force seen by many as out of control and a judicial system that some fear has become a tool of the ruling elite.

The credibility problems for the government and the police worsened in September when Mr. Anwar emerged from a week in police detention with a black eye and other signs of what he said was a severe beating that left him unconscious. Mr. Mahathir, who is also the minister for home affairs, promised on Sept. 30 to fully investigate Mr. Anwar's claim that he was beaten in custody, but more than a month later, no result of any inquiry has been announced.

Since his arrest, Mr. Anwar's supporters and others fed up with the country's closed political system have been staging weekly demonstrations calling for Mr. Mahathir to resign. One of those protests turned violent after police used water cannons to disperse a crowd emerging from the city's main mosque.

Tuesday, troops armed with automatic rifles and wearing red helmets and shields put a heavy cordon around the courthouse where the trial was being held. Only a few hundred people gathered on the periphery of the police lines.

The sensational case has also attracted intense international interest, particularly because Mr. Anwar, before his dismissal and arrest, had been widely touted as a kind of new breed Asian leader who was more democratic and more sophisticated in economic management than the 72-year-old Mr. Mahathir, who rose to power through the past struggles against European colonialism. Mr. Anwar, who is 51, counts among his personal friends President B.J. Habibie of Indonesia, and President Joseph Estrada of the Philippines, both of whom have publicly come to his defense.

Many Malaysians were shocked and skeptical when Mr. Mahathir first raised the accusation that his heir apparent was a serial sodomist who had abused his power by instructing the police to cover-up his sexual dalliances with men.

Mr. Anwar has long cultivated an image here as a devout Muslim, and he is married and a father of six. Not until he began falling out from Mr. Mahathir over economic policy, with the two men clashing sharply over how to respond to the Asian financial crisis that broke out last year, did any allegations of sexual impropriety surface publicly.

Presenting Mr. Mohammed Said as their first witness, government prosecutors appeared to want to show that the accusations of sexual misconduct were not new.

Mr. Mohammed Said said he first learned of the Solid Grip investigation

from two colleagues who briefed him in 1997 after more allegations surfaced, attributed to Mr. Anwar's driver, Aziz-an Abu Bakar, and a female acquaintance, Ummi Hafidha Ali, who was the sister of Mr. Anwar's private secretary.

Mr. Anwar, according to prosecutors, met with Mr. Mohammed Said and his special-branch deputy, Amir Junus, at his official residence in August 1997 and instructed them to obtain written statements from the driver and the woman denying any sexual misconduct on Mr. Anwar's part.

The two did submit written statements denying Mr. Anwar had done anything wrong, and the crux of the government charges is that Mr. Anwar had tampered with the investigation by instructing the police officials to obtain those statements.

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Anwar Ibrahim leaving the Malaysian High Court on Tuesday after the second day of his criminal trial.

## 52 Raped in Riots, Indonesia Reports

Compiled by Our Staff From Dispatches

**JAKARTA**—An official team investigating the riots that helped topple President Suharto said Tuesday that 52 women were raped during the unrest, and that it suspected an army unit led by Mr. Suharto's son-in-law was linked to the violence.

But investigators said they had not yet established whether the rapes were organized and systematic, and added the armed forces as a whole could not be blamed for the rioting last May.

"The number of rape victims is 52," Marzuki Darusman, head of the team, said at a news conference to mark the issuing of a long-awaited report on the rioting. "We have not yet been able to conclude whether these rapes were a result of the excesses of the riots or were organized."

Indicating that members of the military contributed to the downfall of Mr. Suharto, the government fact-finding team did say that some security officials incited riots just before his ouster.

The release of the harshly critical report is a further blow to the credibility of the Indonesian military, which is caught between widespread allegations of human rights abuses under Mr. Suharto and a new role as a promoter of democratic reform.

It comes as the military is preparing a huge security operation to protect a government assembly that will cast guidelines next week for general elections in 1999. Student activists plan to protest, saying the government is not moving fast enough on political reform.

Almost 1,200 people, most of them looters trapped in burning buildings, died in the Jakarta riots from May 13 to 15. Other cities, particularly Solo in Central Java, were also badly hit. Human rights groups said at least 168 women were raped in a systematic campaign.

The report said the government should investigate a meeting held on May 14 at the headquarters of the Kustad strategic reserve force, headed at the time by Lieutenant-General Prabowo Subianto, who is married to one of Mr. Suharto's daughters.

General Prabowo was dismissed from the armed forces in August after a probe into the kidnapping and torture of anti-Suharto activists by members of the military. He has denied being behind the riots.

(Reuters, AFP)

## Beijing Allows Private Groups

**BEIJING**—China has opened the door to the creation of private social organizations but warned that such groups require government clearance and must firmly uphold Communist Party rule, official media said Tuesday.

Under guidelines promulgated by the State Council, or cabinet, Oct. 25, private organizations with more than 50 members are eligible for government approval. The 40-article Social Organization Registration Regulations made no provisions for the formation of political parties.

Opposition activists who have been trying to register an opposition party since June have been detained or harassed by local authorities. The new rules specifically bar individuals who have been stripped of their political rights or are "not acting in accord with the will of the people" from applying to form social organizations.

## Reporter Slain In Philippines

**GENERAL SANTOS**, Philippines—A Philippine journalist was shot to death in the southern town of Digos, the police said Tuesday.

Dominador Bentulan, a provincial correspondent of the state-run Philippine News Agency, was shot in the head over the weekend by four unidentified motorcycleists, the police said, adding that no motive was immediately apparent.

Mr. Bentulan was the 33d Philippine journalist to be slain since the end of the Ferdinand Marcos dictatorship in 1986. Many of the previous victims were known for exposing official corruption and abuses by the military and the police.

(Reuters)

## For the Record

More than 300 villagers died from malaria in northern India in September and October because government doctors gave them medicines that had expired nearly two years earlier and were no longer effective, the director-general of health for Uttar Pradesh state admitted Tuesday.

(AP)

## Agent Orange Lingers in Vietnam, Study Finds

By David Lamb  
Los Angeles Times Service

**HANOI**—The chemical Agent Orange that was sprayed by the United States during the Vietnam War has contaminated Vietnam's food chain, leading to serious environmental and health problems that demand urgent international attention, according to a Canadian consulting company.

"If such data were collected in most Western jurisdictions, based on similar sampling levels, major environmental cleanup and more extensive studies would be mandated and implemented," said the report by Hatfield Consultants Ltd.

"As Western-based scientists, we can hardly recommend less be done in Vietnam."

Hatfield spent five years researching the effects of the deforestation chemicals that were sprayed on Vietnam from 1961 to 1971 in an effort to deprive Viet Cong guerrillas of jungle cover for their movements. The study is considered to be one of the most comprehensive ever done on Agent Orange.

Using research that ranged from satellite imagery to soil sampling, the company found high levels of dioxin, a component of Agent Orange, in the blood of Vietnamese born after the war — indicating that contaminants still are being transferred through the food chain. It also found elevated levels in fish and animal tissue.

The study made no attempt to determine the number of people affected, and its authors were cautious about the politically charged relationship between Agent Orange and birth deformities, saying that epidemiological investigations were needed to establish a defensible link.

Like Agent Orange itself, the report is likely to be controversial and will be used by Vietnam to make its case that the country has a serious environmental and health problem that the world has ignored for a generation.

Hanoi long has contended that the 12 million gallons (45.4 million liters) of chemicals that the United States dumped on South Vietnam during the war caused immense harm.

The chemicals destroyed 14 percent of South Vietnam's forests, according to official U.S. reports. Vietnam never asked for compensation but would like international help reclaiming denuded forest lands and caring for 70,000 people who it says have mental or physical handicaps because of their exposure — or that of their parents — to Agent Orange.

Vietnam says that half a million people have died or contracted serious illnesses over the years because of the spraying.

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## Deal to U.S.

Agreement at Risk

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## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Challenge From Saddam

## Clinton Must Respond

Saddam Hussein now has taken the final step in breaking his promises of cooperation with the United Nations. He had for three months been blocking surprise inspections by UN arms experts trying to ferret out his clandestine nuclear, biological and chemical weapons programs. Now he has said he will block even the regular, announced visits by UN monitors whose work had been continuing. Absent a response from the Clinton administration and the United Nations, nothing now will impede Saddam's ambitions to maintain and rebuild the weapons of mass destruction he promised to give up.

U.S. Secretary of Defense William Cohen said that UN Secretary-General Kofi Annan "should be concerned because his credibility and that of the Security Council is on the line." Mr. Annan's spokesman immediately sought to deflect the responsibility. The squabbling was unseemly and discouraging. In fact, Mr. Annan's credibility is on the line, but President Bill Clinton's is more so. It was Mr. Clinton who sent Mr. Annan to Baghdad last February to defuse a similar crisis: it was Mr. Clinton who promised a military response if Saddam Hussein violated the agreement that Mr. Annan negotiated; it was Mr. Clinton who failed to respond when Iraq shredded the pact in August. No wonder Iraq's vice president can say, "Iraq does not fear the threat of the United States because it has been threatening Iraq for the past eight years."

The United States must respond

with force if Iraq does not allow UN teams — passive monitors and surprise inspectors alike — to resume their work. It should respond as part of a UN-backed alliance if possible, alone if necessary. Its bombing campaign should not be symbolic but designed to destroy as much of Saddam Hussein's capability to make and use weapons of mass destruction as possible. Yes, even such a serious military effort might end with Saddam still in and UN inspectors still out. That is why a serious strategy to deal with Iraq must include a willingness to bomb more than once, if Saddam again tries to reconstitute his weapons of mass destruction.

A serious strategy also must include support for Iraqis seeking to replace Saddam's criminal regime with something more democratic and less bellicose. Mr. Clinton, in signing the Iraq Liberation Act on Saturday, vowed support for such a transformation and said, "The evidence is overwhelming that such changes will not happen under the current Iraqi leadership."

This is not a matter of the United States and other countries meddling without right in Iraq's internal affairs. Iraq began this by invading Kuwait. The United Nations authorized a U.S.-led military campaign to reverse that aggression. Having defeated Iraq's army, the United States chose to accept, in place of Saddam Hussein's total surrender and relinquishing of power, his pledge to disarm.

His failure after all these years to honor that pledge gives the United Nations every right to reconsider its merciful cease-fire terms.

—THE WASHINGTON POST

## Audacious Defiance

Emboldened by its past successes in curtailing arms inspections, Iraq has now virtually banned all monitoring efforts. Before Saddam Hussein will let this vital work resume, he unreasonably demands that the UN Security Council guarantee an early end to international economic sanctions. Such a commitment would relieve Baghdad of its obligation to prove that it has eliminated all illegal biological, chemical and nuclear weapons and missiles that can deliver them. This contempt for Security Council resolutions has spurred even previously equivocal members like Russia, China and France to condemn Baghdad's decision and demand that Iraq comply in full with all resolutions. This show of unity is important, and welcome. But experience suggests that resolutions alone will not be enough to make Iraq live up to its obligations. Washington, together with whatever partners it can mobilize, must once again be prepared to enforce the Security Council's demands with military action.

Since August, Iraq has prohibited UN investigators from carrying out surprise inspections of new locations where they believed that weapons ingredients or

documentary evidence might be hidden. That seriously undermined the inspection program, but at least previously identified sites were still visited by inspectors and kept under surveillance by cameras and chemical detection devices. Now even those routine inspection visits have been barred. For the moment, Iraq is not interfering with technicians who maintain video cameras and replace batteries, but this equipment is much less important than the inspections by trained specialists.

Until early this year Washington consistently backed the UN inspection program with the threat to use force, the only language that seems to move Saddam Hussein. But White House resolve weakened last spring, and Washington responded meekly when Iraq halted surprise inspections in August.

Whenever Saddam senses hesitation he moves to gain advantage, and Washington is now dealing with the predictable consequence of its desire to avoid another confrontation. The threat of Iraqi chemical and biological weapons is too grave to treat exclusively as a diplomatic matter, as the White House now seems belatedly to recognize. If diplomacy backed by the threat of force does not budge Saddam, military action itself may be needed.

—THE NEW YORK TIMES

## A New Look at Colombia

A scantily remarked but crucial aspect of the war on drugs is that it engages the United States in the internal affairs of countries with weak institutions and a strong nationalist streak. This requires Washington to temper its impatience on drugs with an awareness of internal complexity and national feeling. Nowhere, with the possible exception of Mexico, is this more important than in Colombia, a country torn by insurgency, violence and corruption and the source of most of the cocaine and heroin entering the United States.

Colombia's newly elected president, Andres Pastrana, a former journalist with a reputation for honesty, has been in Washington seeking help for his country's drug dilemma without upsetting its political equilibrium. He is pursuing a policy of opening up a political space and giving a military free pass to draw in guerrillas of the left, undertaking military and judicial reform to reduce paramilitary forces, and meanwhile taking on the drug traffickers, who have their own connections on the two flanks.

To Washington's conservatives, taking on the traffickers means shooting up their infrastructure and spraying peasant coca and poppy fields. The Republican Congress showed its muscle by inserting several hundred million dollars' worth of unsought drug-fight-

ing military aid into the omnibus budget bill. Mr. Pastrana sees how such tactics as applied in Peru drive coca cultivation into Colombia. He believes that crop substitution in a framework of national development is the more effective strategy for Colombia.

That leaves the question of what is the more effective U.S. strategy. As the center of global demand, the United States has its own responsibilities in interdiction and law enforcement and, even more, in development, education and treatment. Colombia and other drug sources lack the weight to shape U.S. policy the way it can influence theirs. This makes for an unequal relationship, and Americans must tend to it.

—THE WASHINGTON POST

## Other Comment

## Guerrillas Stall the Fight

As long as guerrillas reign in the Colombian countryside, it will be impossible for the state to eradicate illicit crops and destroy the network of cocaine and heroin processing laboratories. As long as there are guerrillas, the focus of the military and the police will remain primarily on the fight against them, and the combat against drug traffickers will remain in the background.

—Mauricio Lora, commenting in the Los Angeles Times.

## An Earnest Exercise Hasn't Healed South Africa

By R. W. Johnson

JOHANNESBURG — The final report of South Africa's Truth and Reconciliation Commission, released on Friday, resulted from more than two years of hearings into apartheid-era atrocities, and its principal finding was that the government used security forces to intimidate and kill anti-apartheid agitators. To a lesser extent, the report also criticized the African National Congress for its violent tactics.

But the whole process has been full of inconsistencies. It is mostly the foot soldiers who will be punished, while many high-ranking criminals will walk away free. And those who came before the commission and expressed real remorse will likely pay a lasting price for their candor.

Black and white South Africans now seem further apart than at the dawn of multiracial government in 1994, and the commission's main recommendations are sure to engender more bitterness. The idea that all businesses should accept collective guilt and pay 1 percent of their net worth as a "reparations tax" will be hotly contested.

The report's charges against some 200 people who failed to apply for amnesty for human rights abuses or other crimes will set off a wave of questionable prosecutions.

The report reflects the flaws in the commission's original structure. Instead of expert historians and lawyers, the commissioners were mainly former politicians and clerics. One result was

that sometimes it had the air of a church service: there was much praying and a desire to get everyone to confess and to stage instant reconciliations, usually involving hugging, between human rights abusers and their victims.

More important, the commission and its staff of researchers were overwhelmingly made up of ANC members and officials. Opinion polls consistently showed that clear majorities of black and white South Africans saw the process as biased. A more neutral body would have been bound to come down very heavily and with more credibility against the apartheid regime.

So the Inkatha Freedom Party, led by Chief Mangosuthu Buthelezi, refused to cooperate. The commission has now denounced him (although it never dared summon him to give evidence), and he has dismissed its criticisms as "comical and preposterous."

The perception that the commission was hardly impartial was compounded by the way it harassed former President Frederik W. de Klerk, who was awarded the Nobel Peace Prize in 1993 for his part in ending apartheid. The commission harangued him in the witness box for six straight hours without a recess. A public outcry followed, and the commission was forced to apologize.

Although the commission's rules stated that amnesty could be given only

to individuals, and depended on a full confession, the amnesty committee gave collective amnesty to 37 ANC leaders who never came to testify or revealed what they had done.

The giant mining company Anglo American was made to apologize for its past, including its failure to raise mine workers' wages over a 60-year period, but it was not acknowledged that the company's personnel director at the end of that period was Alex Boraine, the commission's deputy chairman.

By the end of the commission, knowing that its credibility was in question, must have realized that if it was to be taken seriously it had to condemn at least a handful of major ANC miscreants. So a few people were made examples of: Winnie Madikizela-Mandela was charged with 18 offenses including assault, torture and murder. Many see these condemnations as token gestures.

The commission failed to bring any charges against high-ranking white politicians of the apartheid era. It did not even get the greatest villain of all, former President P. W. Botha, to testify. This may be what led it to accuse Mr. de Klerk of having been an accessory after the fact to two bombings in the late 1980s. He took the commission to court and forced it to remove the sections on him from its report.

This moral triumph for Mr. de Klerk outraged ANC activists, who were already unhappy with the commission's finding that their party had been

guilty of human rights violations. Hence their abortive last-minute attempt to halt the report's publication. In the end, only the Democratic Party, which always opposed apartheid non-violently, endorsed the report.

Now we brace ourselves for a long series of court cases. Many prosecutions are likely to fail, as the commission was not a legal body and evidence was often lacking. The pressure for a general amnesty will grow.

If that occurs, it will undermine the whole truth and reconciliation process and make anyone who confessed before the commission in return for amnesty look very foolish.

Nobody thought that dealing with such a painful past would be neat or easy. Few people argued against bringing the atrocities of the past out in the open, although the families of some victims — including the relatives of Steve Biko — angrily opposed reconciliation and the whole idea of granting amnesty to torturers and executioners. Yes, the commission deserves some praise for its compendious, if often arguable, account of the appalling history of apartheid. But the report's many shortcomings show the risks inherent in any society's attempt to reconcile history, memory and the human heart.

The writer, director of the Helen Suzman Foundation, a nonprofit pro-democracy group, contributed this comment to The New York Times.

## In Malaysia, 'We Don't Practice Cronyism or Nepotism'

By Mahathir bin Mohamad

Mr. Mahathir is prime minister of Malaysia.

KUALA LUMPUR — Most people have interpreted Malaysia's policy as shunting ourselves off from the world economy. We cannot do that, or we would harm ourselves. We are a trading nation.

We Malaysians need the world as our market, and we need to buy many things from abroad. But we believe that currency trading is very damaging because it can ruin our real economy. It is the root problem of the crisis in Asia.

What we have done is make our currency no longer legal tender outside Malaysia. Therefore, if an outside speculator were to buy the ringgit, it would be worth nothing. It is only worth something if it is brought back into Malaysia, where the exchange rate is set by the government.

So currency control is a very limited exercise that is aimed only at stopping speculators from buying and selling our currency. That is all. Otherwise, capital can come in and out of this country freely, but for one rule: If you invest in the stock market, you have to retain that investment for one year. Chile has a similar control.

Because we are no longer threatened by currency traders or stock market manipulators, our economy is already recovering. We have lowered interest rates, just as the United States has done, and increased the amount of money available in the economy. The housing and car markets are picking up. The balance of trade is now very much in our favor, and our foreign reserves have increased by \$1 billion since September.

The business climate for investors today is much better than when we couldn't stop the raids by currency traders. I agree that this policy should be a short-term one. However, before we go back, certain conditions must be in place. If currency trading continues to go on without rules or regulations, the speculators will attack us again if we lift our controls.

It is plain for anyone to see that this has already happened in Mexico and Brazil. They recovered, and then the currency traders came back and sent them into another downturn. When there are regulations that curb currency trading within reasonable limits, then Malaysia will forget about its controls.

[Nathan Gardels: Those who know Anwar Ibrahim and Munawar Anes, the respected editor of *Islamic Periodica* who was charged with having sex with Mr. Anwar, have regarded them as pious men and great advocates of enlightened Islam. The widespread perception abroad, therefore, is that this is a politically inspired trial that came about after Mr. Anwar declared in June, in a comment aimed at you, that "the economic crisis would unleash a gale of creative destruction... that will cleanse countries of corruption, corruption and nepotism."]

I didn't see his remarks as directed at me. We don't practice cronyism or nepotism here.

Look, the perception of this political difference between Mr. Anwar, who was my designated successor, and myself is overemphasized by the foreign press. Actually, politics and economic policy had nothing to do with our split.

I discovered that he was in-

volved in sexual activity, with men and women, that is not acceptable in a leader of Malaysia. As prime minister, I had to take action. I consulted with the others in the cabinet, they agreed, and I removed him. Believe me, it is just coincidental that this happened during the currency crisis. Even if all had been fine on the economic front, I would have had to sack him.

I had told the party over and over again that Mr. Anwar was the most suitable person to become the leader of Malaysia. Now I can no longer say this because of his sexual perversion. He does not have the moral fiber to lead. I feel betrayed by Mr. Anwar, but I am grateful that I discovered these things before I stepped down.

Prime ministers of Malaysia have removed ministers from their cabinets before without any reaction. In the past, ministers have been tried and even sentenced to death in Malaysian courts. Mr. Anwar served in the cabinet only at my pleasure. And I withdrew my support. That is the system.

Yet he prefers to accuse not just me, but the whole government, the prosecutors, the police and the judges of engaging in a vast conspiracy to displace him. If there was a conspiracy that big, I guarantee you that people would have known about it long ago.

Using his popularity, he mobilized demonstrators to destabilize the country in order to stop the trial from taking place, because if there were a trial, many things would be revealed. Instead, he wants to bring the government down by demonstrations, as happened in In-

donesia. This is not Indonesia, and I am not Suharto.

We believe in the rule of law, and he must be tried before the law just like anybody else.

I am not surprised that people don't believe what I tell them now about him. I didn't believe it. Like everybody else, I believed him to be a very pious person. That was one reason I admitted him to the [United Malay National Organization]. It was why I pushed him up to be a leader of the party.

So when I was first told of his sexual activities, I couldn't believe it and dismissed the idea. I took no action. I kept quiet. Last year, it was brought to my attention again. I said at the time, and you can read the newspaper reports, that this was an unfounded accusation by people who did not want him to become prime minister.

Mr. Anwar himself then requested the police to investigate a book written about him called "Should Not Be Prime Minister." The police investigated and informed me that they found some truth in the charges. Again I didn't believe it. So personally I questioned six people — Mr. Anwar's drivers and three women he propositioned, two of whom refused and one of whom complied — without the presence of the police and assuring them that they could tell me the absolute truth and that I would protect them.

They told me what happened. I can't imagine that six different people, unrelated, could have the same stories.

[Mr. Gardels: The men who "confessed" to having sex with Mr. Anwar, however, including Munawar Anes, later retracted their confessions as having been coerced.]

Yes, of course they did. Some lawyers went to them and said, "Look, you can retract and appeal." But who in their right mind would have confessed in the first place to that type of activity if they knew it would bring shame to their families and lead to them being jailed?

[Mr. Gardels: You are convinced, then, that Mr. Munawar was not coerced?]

I never talked to him. I never saw him. I never met him. All I know is what I read in the press. So with him, I do not know.

[Mr. Gardels: Why was Mr. Anwar beaten when he was first taken into custody?]

I don't know why. I don't

know how. But we have an investigation under way. There should be no cover-up. Whoever is responsible will have to face the consequences. I know nothing about what happened to Mr. Anwar in jail. Certainly, it is not something I wanted to happen. It would be crazy for me to let him get that black eye so he could parade it all over the world.

[Mr. Gardels: The political troubles in Malaysia are bound to have an economic impact. Alvin Toffler, the futurist who sits on the advisory board of your hi-tech Multimedia Super Corridor, along with Microsoft's Bill Gates and others, has written (JHT Opinion, Oct. 29) that a "climate of political fear" in Malaysia today is likely to undermine investor confidence in this kind of Internet Age project, which requires freedom. Doesn't this criticism worry you?]

Yes, I'm worried because Alvin Toffler is a very influential person. But I'm sorry that he did not first try to find out the truth about our situation. I know he is concerned about Munawar Anes, who is a friend of his, but it is not in my power to release Mr. Munawar. I am not that kind of prime minister. The law is the law. He has been sentenced by the courts. What I can do is be sure that he is well treated. And I will see to that.

But to link that to the MMSC is unfair. The MMSC is a project that has nothing to do with politics. It is business. Why should that be linked to the internal politics of my party? Do the people live in political fear here? No, they go about their business as usual. Like anywhere else, unless people are throwing stones at the police, they have nothing to fear.

If investors are concerned about stability, we have it. This is a multiracial country. How many countries with such different ethnic groups — Chinese, Indians, Malay — are as stable as Malaysia? This is not Indonesia. Malaysians don't go for overthrowing governments with street demonstrations. They would rather see their businesses succeed.

This comment has been adapted by the International Herald Tribune from a longer interview conducted on Monday by Nathan Gardels, editor of *Global Viewpoint*, and distributed by the Los Angeles Times Syndicate.

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[Mr. Gardels: Why was Mr. Anwar beaten when he was first taken into custody?]

I don't know why. I don't

## Making an Adult Point in Orbit

By Richard Cohen

WASHINGTON — John Glenn is up there, circling the Earth and pretending to study the effect of space flight on aging. The experiment is a phony, yet I could not be happier. This is one little step for my generation.

O.K., so Mr. Glenn is not exactly my generation. He is older than I, much more Midwestern and — look, it's something both above 49, the cutoff point for most of America's advertisers. Above that age, you are supposedly useless as a consumer — a self-satisfied old coot who has everything he could ever want and will not spend an additional cent on, say, yet another pair of running shoes. As far as the American entertainment industry is concerned, John Glenn is precisely where he should be.

But the under-49ers, ah that is a different story. Advertisers covet them because they buy things. They are supposedly building families and, more important, brand loyalty. If, for instance, General Motors can get a young man to buy a Chevy, they think that, with the years, he will stick with GM, moving all the way, God willing, to a Buick or even a Cadillac.

This accounts for why television programs that appeal to older audiences can't ask the same advertising rates as those that have younger audiences. Shows with high ratings but

older audiences do not do as well as shows with young audiences and lower ratings. But there is an even younger group of consumers out there — 36 million teenagers. All they do, apparently, is watch television and shop. They are estimated to have anywhere from \$82.1 billion to \$108 billion in disposable income and the determination to dispose of this income by, if possible, tomorrow.

And these teenagers are loyal to nothing, moving from one fad to another for reasons that no one can quite figure out. What is hot today can be gone tomorrow — the Grunge look, for instance.

As a result, there is virtually nothing for an adult to watch on television. The medium has become mindlessly juvenile — as has, I should add, radio. Recently it was revealed that a supposedly 19-year-old television actress and writer, Riley Weston, was actually Kimberlee Kramer, 32. She had signed a \$300,000-a-year contract with Touchstone Television to write shows about teenagers. Now that it has been discovered that she is not a teenager herself, her contract with Touchstone looks kaput. A woman her age might — who knows? — write something wise.

Some of this is funny and some of this is sad, but a piece

is worrisome. If you watch the nightly news shows, you will see that their sponsors make products for old people — adult diapers or vitamins for those of us thrilled to be silver, whatever that means. Many of the news features are about aging, as well. The audience is seeing stories about itself.

Once, a family sat before the television set and watched the same program. In this way a hit show became a shared experience, something that we all could talk about the next day at work. No more. Now there are shows for teenagers and shows for young people and shows — the news, for example — for still older people. The community has fractured. We have less and less in common with one another.

I would love to say that Mr. Glenn got young people to pay attention to an old person, but that seems not to be the case. A young colleague reported that among his friends John Glenn's space shot was a subject that, albeit historic, simply never came up.

But still, for a flash, we over-49ers had our moment. Television doesn't want us and advertisers won't pay for us and at 32 you are washed up as a television writer. But even if it is only for a while, the 77-year-old John Glenn was the very best show on any network. Hoopay for him, he's back in space. Now, for crying out loud, John, buy something.

The Washington Post.

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## OPINION/LETTERS

## Competitive Races Are Now Rare

By Larry Makinson

WASHINGTON — To hear pollsters and pundits talk about individual races, you might have sensed a lot of suspense in the air on this election day. True, a handful of contests may still have been in doubt. But the reality is that truly competitive races are rare these days. Follow the money and you can see why.

Reports to the Federal Election Commission show that in about 60 percent of races for the House of Representatives, one candidate, almost always the incumbent, has outspent the other by 10 to 1 or more. House incumbents have raised an average of \$625,000 over the past 21 months, more than four times the amount collected by the average challenger.

It is thus no surprise that the re-election rate in the House will likely exceed 98 percent this year. This makes it a nearly perfect bet that if you write a check for \$1,000 or so to an incumbent, you will have a friend in Washington when the 106th Congress convenes in January.

In short, that money is not aimed at influencing elections; it is a tool for lobbying.

This fact is well under-

stood not only by would-be donors, but by lawmakers and party officials as well. It is implicit in the rationale they are using as they make their pitches for contributions from companies and interest groups that have big stakes in coming legislation.

Consider a recent fax asking for campaign donations that was sent to military contractors by Floyd Spence, the South Carolina Republican who is chairman of the House National Security Committee. The solicitation fell into public hands when one of Mr. Spence's staff members forgot to punch in the area code, and a fax went by mistake to the Washington bureau of The Associated Press.

How does a defense contractor say "no" to the chairman of the committee that oversees his industry?

Multiply that fax by a thousand and you have a sense of the pressure that would-be donors have had to deal with this year. It may be a yawner of an election, but to listen to the candidates and the national parties, it is the prelude to Armageddon if you fail to send in your money, right now.

The appeals are likely to get

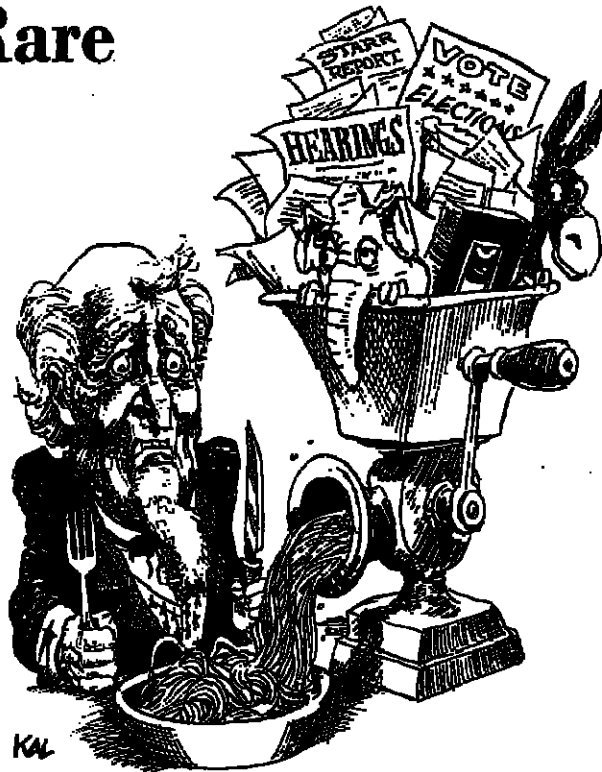
more urgent. We are now seeing the opening round of a bidding war for important congressional chairmanships.

When the Republicans took control of the House in 1994, they set six-year term limits for all the new committee chairmen. So unless the Democrats miraculously retake the House, we shall see a new crop of Republican chairmen after 2000. How will the new leaders be selected? Probably not by seniority.

Earlier this year when the Republicans announced "Operation Breakout" — a plan to raise \$37 million in soft money for issue advertising in the 1998 election — they took a new approach, selecting party politicians as top fund-raisers. Committee and subcommittee chairmen in particular were given hefty quotas.

Then last month, the Capitol Hill newspaper Roll Call reported that Philip Crane of Illinois — the senior Republican on the House Ways and Means Committee after the chairman, Bill Archer — had not met his quota of \$100,000, while Bill Thomas of California, who is making a play for the chairmanship, announced that he was set to raise \$500,000.

Roll Call said Republican



sources made it clear that Mr. Crane's poor fund-raising performance could keep him from becoming the next Ways and Means chairman. And Mr. Thomas may well be in line for promotion.

Ways and Means is one of 19 committees in the House that would have new Republican chairmen after 2000.

That total does not include the Ethics Committee, a post generally deemed undesirable.

The writer is executive director of the Center for Responsive Politics, a nonpartisan research organization that studies money and politics. He contributed this comment to The New York Times.

## Head for the Hills in 2000?

By Neal R. Peirce

WASHINGTON — Planning to head for a cabin in the hills with a stock of dehydrated food, bottled water and your own gasoline-powered generator?

Or work with your neighbors to set up an emergency shelter, perhaps in a local school or church, where folks could retreat for warmth, light and food in case grievous emergencies develop?

That is the stark choice that the millennium bug — the prospect of computers

organizing to raise Y2K awareness and explore how whole communities can collaborate to weather a period of severe crisis.

The Denver-based Cassandra Project, one of dozens of Y2K Internet sites, is a national clearinghouse focused on community preparedness rather than individual survivalism. Its Web site ([www.millennia-bcs.com](http://www.millennia-bcs.com)) has had more than 1 million hits.

"The Year 2000: Social Chaos or Social Transformation?" is the title of three futurists' views of perils and possibilities ([www.angelfire.com/california/romer/soc.htm](http://www.angelfire.com/california/romer/soc.htm)). Americans of all ages and experience, they write, need to undertake community audits of potential problems and contingencies to deal with each potential loss of service, from utilities to food supplies, public safety to health care.

Indeed, this potential calamity could have the dividend of bringing people together in neighborhoods where few residents currently even know each other.

But we need to get specific: fast about an emergency shelter for every community — and it ought to be schools, suggests Douglas Carmichael, a leading Year 2000 consultant. The federal and state governments, he says, should quickly appropriate funds and press to make sure schools can provide water, food and a warm space through the winter of 2000.

One reason: Schools — as with hurricanes or floods — are a familiar emergency location in American culture.

Mr. Carmichael proposes rapid steps to authorize National Guard or other military help to get the schools ready.

The president, Mr. Carmichael argues, has to take the lead, telling Americans that there is potential for serious trouble, and people need to be prepared for the worst.

Only with presidential leadership, Mr. Carmichael asserts, will Americans take Y2K seriously enough soon enough to avert "massive hoarding" as an increasingly panicky middle class, each family buying for itself, drives up generator, food and fuel prices, triggering shortages and even opening prospects of class warfare.

One is brought up short by such ideas. Can all this be serious? Check the frivolous entertainment clogging television channels, look at the media's political coverage obsessed with posturing and the potential of presidential impeachment, and you might think you lived on a different planet.

But the people trying to focus us on Y2K perils are not nut cases. They are serious technical, business, government leaders. Americans ignore at their peril their alert to potential civic disruption and disorder.

Clear national leadership and vigorous grassroots initiatives are not strangers to America. In World War II, both functioned superbly. The challenge now, in an incredibly limited time, is to gain Americans' attention — and commitment.

Washington Post Writers Group.

## Promiscuous Political Spending Disenfranchises Voters

By E. J. Dionne Jr.

WILLIAMSTOWN, Mass. — My hope in this Tuesday's elections was that the voters would confound predictions of a low turnout for a wonderfully perverse reason. All the news coverage forecasting dismal levels of participation told voters that each ballot could count for so much more.

That would be an excellent thing in an election that has demonstrated some of the worst trends in American political life. First, consider money.

If you thought 1996 was the year of big abuses in the campaign finance system, look at the tens of millions that have been spent this year busting the contribution limits imposed after Watergate. The parties claim they have a loophole. They say they can raise unlimited money and spend it in any race they want, as long as the booty goes to "issue ads." The rationale is that if you and your friends feel strongly about something — the minimum wage, the environment, abortion or, for that matter, campaign finance reform — you should be able to spend what you want to push your cause.

But the parties are not

spending this money for any other cause but electing their own candidates. Nothing wrong with that — except that the parties and their candidates are supposed to live under certain rules designed to keep money from dominating campaigns.

This election offered voters opportunities to protest the campaign money system. In Massachusetts, and also in Arizona, "clean money" initiatives were on the ballot. They would give candidates the option of getting public money if they eschew raising big money from private sources. Passage of these initiatives would send a message of voter dissatisfaction with a system in which money rules.

This was also the Mitch McConnell election. Senator McConnell, a Republican from Kentucky, is the unabashed foe of any and all efforts to change the political money system. He was on the hook in this election in three races.

In Wisconsin, Senator Russ Feingold, a Democrat, has been one of the fiercest advocates in Congress of campaign money reform. So

firm is his conviction that he has agreed to live under the limits he would impose on everybody else. But Mr. McConnell, as chairman of the National Republican Senatorial Committee, flooded the state with money for ads attacking Mr. Feingold. A Feingold victory would be a vote against the money system. A Feingold loss would help prove that money rules.

In Mr. McConnell's home state of Kentucky, two House members, Scotty Baesler, a Democrat, and Jim Bunning, a Republican, squared off for an open Senate seat. Mr. Baesler is one of the leading advocates of campaign finance reform. If he has won, it is a blow to Mr. McConnell's claim that nobody has ever won or lost an election on the basis of the campaign money issue.

And then there is Representative Linda Smith, a Republican seeking to defeat Washington's Democratic senator, Patty Murray. Ms. Smith, solidly right-wing on so many issues, has fought the entire Republican leadership on behalf of campaign reform. Mr. McConnell, whose

goal is supposed to be helping elect Republican senators, has been markedly ungenerous toward her.

Ms. Smith, in an interview, referred to the very liberal magazine that disagrees with her on almost every issue. "Every time an article appears in The Nation" about her battles with Mr. McConnell, she said, "these checks come in from around the country." The contributors write that they may not agree with her, but they do not like what Mr. McConnell is doing.

Political money is part of a larger problem. Campaigns have become so much about money spent for professionals who deal with polls, ads, direct mail and turnout that actual living, breathing citizens are almost extinct in the conduct of many electoral battles.

The modern campaign is a candidate who takes a break from fund-raising calls to talk to a media consultant who has just talked to a pollster who has just talked to a focus group.

"The public feels disengaged," said state Representative Dan Bosley, who represents the Williamstown

area and was happily unopposed. "You have no field organization, no grass roots."

Echoing what politicians all over the country say, Mr. Bosley argues that the incentives in the system are wrong.

"We don't have to go to people and explain the case," he says. "We just do these ads with these sound bites."

Nobody loves elections more than I do. I confess to enjoying talking to political consultants. And I can spend many happy hours studying polls. But the system we Americans now have is badly broken. As between citizens and money, we need to tilt the process back toward citizens. How many elections like this will we have before it happens?

The Washington Post.

## LETTERS TO THE EDITOR

## Fighting Protectionism

"What can be done to stop a potential protectionist juggernaut?" asks Jeffrey E. Garten ("The Protectionist Menace, and How to Resist It," *Opinion*, Oct. 28). The World Trade Organization was created for just this purpose.

The organization's appeal is now near-universal, with 132 member countries and another 32 queuing up to join. Each nation's prospects for prosperity are rooted in economic interdependence. The multilateral trading system helps to ensure that trade policies tread prudently between rights and obligations. It provides the institutional forum for struggles to be fought out between governments that hold differing positions and priorities on how to achieve the same ends.

But it does not end there. Further challenges need to be addressed. The agreements that gave birth to the WTO need to be fully realized, not least the commitment to negotiate further liberalization. Preparations have already begun on how to tackle further reductions in industrial and agricultural tariffs, and on how to increase opportunities for trade in services and in intellectual property. Discussions are also taking place on whether disciplines are needed for investment and competition policies. In all these negotiations and discussions, the ultimate objective is to neutralize protectionism in all its guises.

Economic policymakers are wary of the deceptive ebb and flow of protec-

tionism. That is why, at the very moment of the creation of the WTO, governments were prescient enough to set in motion a further agenda for trade liberalization. The fight continues.

NUCH NAZEER,

Geneva.

The writer is senior information officer of the World Trade Organization.

## Be Tough With China

Regarding "Watch Three Trouble Spots in U.S.-Chinese Relations" by Jim Mann (*Opinion*, Oct. 30):

The U.S. trade deficit with China will reach \$60 billion in 1998 due mainly to China's protectionist practices. But the American protest is feeble due to pressure from corporate America, which is overly eager to have access to the Chinese market.

China does have leverage over North Korea's misbehavior, be it nuclear armament or development of long-range missiles. But China will exact U.S. concessions elsewhere for its help. A better policy is to strengthen the U.S.-Pyongyang dialogue and work with South Korea and Japan to provide North Korea with food aid and heavy oil for energy.

China's slow pace of economic reform is due to the Chinese Communist Party's primary goal to remain the sole ruler of China. Liquidation of bad bank loans and structural reform of unprofitable state enterprises will exacerbate the already high level of unemployment, invite social unrest and questioning of the Communists' legitimacy.

Regarding a fourth trouble spot, The United States is pleased with the October resumption of a Taiwan-China dialogue. While discussion of practical issues may resolve problems in such areas as legal safeguards for Taiwanese businesses in China and the interdiction of illegal drugs and firearms from China to Taiwan, public opinion in Taiwan will not permit negotiation on the future status of Taiwan now.

In the meantime, while China actively expands its military capacity to invade Taiwan, Chinese Deputy Prime Minister Qian Qichen has announced a new policy of "three liquidations" against Taiwan — that is, liquidate the remaining diplomatic recognition of Taiwan, liquidate Taiwan's international living space and liquidate Taiwan's wherewithal to deal with China as an equal.

A common thread runs through all trouble spots in U.S.-Chinese relations. The United States has not carefully weighed the varying and often conflict-

ing financial interests of American strategic interests and the security interests of America's democratic allies in East Asia. America has failed to clearly delineate its national interest vis-à-vis China and to firmly assert such interest. Whether the unpopular Chinese Communist Party can retain control of China in the long run is an open question. U.S. policy toward China needs to be constantly attended to at the highest level of the U.S. government. According to China's every wish is not a substitute for sound policy.

JAY T. LOO,

Lansdale, Pennsylvania.

## McCarthyism Revisited

Regarding "McCarthyism Revisited? No It Wasn't About Soviet Spies" by William Pfaff (*Opinion*, Oct. 29):

I wish to commend Mr. Pfaff for a thoughtful, compelling and accurate critique of McCarthy and McCarthyism. In particular, the importance is emphasized of the role played in the United States by anti-Communist liberals in combating communism in the late '40s. Eleanor Roosevelt, Hubert Humphrey, Walter Reuther and President Truman were the real heroes in this struggle. Similarly, at about the same time in France, the successful combat against the more dangerous French Communist Party was led by the Socialists Léon Blum and Jules Moch. Many of those fighting communism were Jewish, and one can legitimately date the beginning of the Cold War to Stalin's murder, before World War II ended, of Henryk Erlich and Victor Alter, Polish Jewish Socialists and trade union leaders.

On the reverse side of the coin, credit must be given to conservatives in recognizing early the mortal threat of Nazism and combating it — Churchill in Britain, Louis Barthou and Paul Reynaud in France, and Henry Stimson in the United States.

PAUL M. BEIGELMAN,

Paris.

It is undeniable that the Soviet Union did carry out atomic espionage in the United States during World War II. But vital information on the construction of the first atomic bomb was actually transmitted to the Soviet Union not by the Rosenbergs but by a brilliant young physicist, Theodore Hall, who was never arrested. As for the Rosenbergs, their execution was plainly an act of the Cold War and its accompanying witch hunt.

SCHOFIELD CORYELL,

Paris.

"I know it's late, but I'd like some sushi. How far do I have to go?"



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## INTERNATIONAL

## Starting on the West Coast, Asian-Americans Aim to Be an Electoral Force

By William Booth  
Washington Post Service

LOS ANGELES — At a recent Beverly Hills fund-raiser here, March Fong Eu, one of the most outspoken, liberal Democratic politicians in California, told an audience of Asian-American donors that there was only one Republican she wanted to see elected: her son, Matt Fong, the Republican candidate for U.S. senator.

As 1992 was viewed as the Year of the Woman in American politics, a year that saw the election of Senator Barbara Boxer, Democrat of California, among others, this year could be a bellwether for Asian-Americans. They are increasingly returning to politics after feeling unfairly smeared by the 1996 campaign finance scandal involving several high-profile Asian-American fund-raisers.

"The Asian-American community has often been summarily dismissed by candidates as an electorate that is not really interested in politics," said Tom Hsieh, a political consultant in San Francisco. "But I think those days are over."

In addition to Mr. Fong's attempt to unseat Senator Boxer, there are also high-profile races in Oregon, where state senator John Lim, a Republican and a Korean-American, is challenging Senator Ron Wyden, a Democrat, and David Wu, a Democrat and an immigrant from Taiwan, is running against Molly Bordonaro, a Republican, for the seat of Representative Elizabeth Furse, a Democrat who is retiring.

There are now about 2,000 elected officials in 33 states whose heritage is Asian or a Pacific island, a jump of about 10 percent from 1996.

For many Asian-Americans in California, the largest, most diverse Amer-

ican state, this is the year to elect the Senate's first Chinese-American from outside Hawaii — even if he is a Republican who has taken stands against issues close to many in the Asian-American community. Mr. Fong supported recent propositions to cut benefits for illegal immigrants, bar affirmative action and end bilingual education.

But he and his mother are well known. Mr. Fong, who is state treasurer, has been stressing his middle-of-the-road, moderate Republican positions — pro-military, pro-business, pro-flat tax, but mostly hands-off on social issues — that many Asian-Americans might respond to.

Asian-Americans are a fast-growing, well-educated group of political newcomers made up mostly of immigrants and their first-generation, native-born children. In general, they split their votes between Republican and Democratic candidates. But if the results of Cali-

fornia's June primary are repeated Tuesday, Mr. Fong can expect to garner strong support among both Republican and Democratic Asian-American voters.

"A lot of Chinese-Americans would like to see someone who looks like them in office," said Alan Chen, a leader of the group Vision 21, which is working to register Asian-American voters in Southern California.

Statewide exit polls commissioned by the Los Angeles Times found that in the June primary 34 percent of Asian-Americans went for Ms. Boxer, while 50 percent voted for Mr. Fong. In heavily Democratic San Francisco, a bastion of liberalism, 81 percent of Asian-Americans of Chinese heritage voted for the Democratic gubernatorial candidate, Lieutenant Governor Gray Davis — but then 74 percent flipped over to vote for Mr. Fong over Ms. Boxer, according to exit polling.

"The crossover was amazing," Mr. Hsieh said. "It often does not come across in surveys, but ethnic pride and the desire to be represented by someone who shares your culture is strong. Many Asian-Americans voted for Democrats but then crossed over for Fong. There is the sense that he is one of their own."

Such intense ethnic-bloc voting — be it among Cuban-Americans in Florida or Mexican-Americans in Texas — is increasingly a reality, as candidates of color challenge white politicians.

Both parties are searching for candidates and messages that will appeal to the growing numbers of Asian-Americans and Latinos. Latino groups are hoping to see a million voters from their communities go to the polls Tuesday, while similar efforts are under way among Asian-Americans.

At a campaign appearance in San Francisco's Chinatown last month, Ms.

Boxer sought to stem the flow of Asian-American voters to Mr. Fong. But it may not be easy. Not only is his mother, a popular 76-year-old political presence, snubbing for him and pushing the Asian-American media to support him, but also the Fong campaign has been running a steady stream of Bay Area advertisements in Cantonese and Mandarin.

In the last statewide election in 1996, Asian-Americans accounted for only about 5 percent of California's voters. But they could play a crucial role in a close Senate race, in which late polls put Ms. Boxer slightly ahead. Moreover, as the Asian-American population continues to grow here and as more register to vote, the group could make up as much as 10 percent of the California electorate by 2000.

Turnout among Asian-Americans was expected to be about 6 percent of the total electorate Tuesday.

## Iraqis Risking Attack, U.S. and U.K. Warn

Compiled by Our Staff From Dispatches

LONDON — The United States and Britain warned Iraq on Tuesday to back off in an escalating confrontation with the United Nations, while France urged Baghdad to reconsider its suspension of cooperation with UN weapons inspectors.

The U.S. and British defense secretaries, William Cohen and George Robertson, said Iraq must reverse its decision of last weekend to suspend cooperation with UN inspectors searching for banned weapons or face the possible use of force.

"We want to find a diplomatic solution, but we have always made clear that all options remain open," said the British foreign secretary, Robin Cook, reminding Parliament that British Tornado warplanes in the Gulf could be used if necessary.

"Saddam Hussein appears to be gambling that the world will grow weary of his constant evasion and his repeated confrontation," Mr. Cook said. "He cannot and will not be allowed to win."

"His calculation is that we will eventually give up and abandon the sanctions regime without requiring him to abandon his ambitions for regional supremacy through weapons of terror," he added. "We must remain ready and resolute to prove him wrong."

In Washington, the U.S. and German

foreign ministers said Tuesday that they were focused on diplomacy to persuade Iraq to cooperate with UN weapons inspectors. Secretary of State Madeleine Albright said at a news conference that "we are at this point actively involved in diplomatic measures" to obtain Baghdad's compliance. The German foreign minister, Joschka Fischer, called for a "very clear diplomatic effort" to "isolate" Mr. Saddam.

Mrs. Albright and Mr. Fischer spoke to reporters before their first meeting since the Social Democratic Party won control of the German government and brought in Mr. Fischer's Greens party as a coalition partner.

Iraq, however, remained obdurate in the face of growing international pressure. "We will not back down on the decision whatever the sacrifices would be," the official Al Iraq newspaper said in a front-page editorial Tuesday. All Iraqis should fight to maintain the government's decision until trade sanctions imposed on Baghdad for its 1990 invasion of Kuwait are lifted, it said.

The crisis mission of Mr. Cohen to rally European and Gulf allies against Iraq began in London with an hour of talks with Mr. Robertson. A British Defense Ministry statement said after the talks that the two men had "agreed that all options remained on the table, including the use of force if required."

Mr. Cohen's exact itinerary was being kept secret so as not to leave the impression that Washington was leaning in favor of U.S. military action against Iraq over diplomacy, a Pentagon official said.

Later Tuesday, Mr. Cohen arrived in Riyadh for "high level talks with Saudi officials," a U.S. Embassy official said. Kuwait's official press agency said Mr. Cohen was expected to arrive in the emirate Wednesday.

During a similar confrontation over inspections early this year, Mr. Cohen encountered little support among U.S. allies in the Gulf for military action leaving the United States and Britain virtually alone in threatening air strikes. That crisis was resolved by the UN secretary-general, Kofi Annan, who negotiated and signed an inspections accord with Mr. Saddam.

A U.S. Defense Department spokesman said in Washington that the U.S. force of 21 warships and 174 aircraft now in the Gulf was sufficient for any military action against Iraq.

France, meanwhile, said it was recalling its envoy to Iraq for talks, and Foreign Minister Hubert Vedrine, in a letter to the Iraqi deputy prime minister, Tariq Aziz, said Baghdad's decision was serious and urged it "to reverse it without any delay."

A French Foreign Ministry spokeswoman, Anne Gazeau-Secret, said Paris had informed the Iraqi authorities that it was recalling the head of its interests section in Baghdad, Yves Aubin de la Messuziere, for consultations.

Russia said Tuesday that it was opposed to the use of force. "We believe the international community has a sufficient stock of political and diplomatic means to achieve a peaceful solution," a Foreign Ministry spokesman said. China also urged Iraq to back down and shared Russia's concern over escalation.

In New York, the UN Security Council began discussions Tuesday on a resolution expected to condemn Iraq but not call for military action. (Reuters, AP)



Senator Alfonse D'Amato, Republican of New York, leaving a voting booth in Island Park on Tuesday with his grandchildren.

## ELECTIONS: Turnout Is Key to U.S. Vote

Continued from Page 1

to the Republicans' 228 seats in the House, and an addition of two to four seats in the Senate, where Republicans have a 55-to-45 edge.

Opinion surveys showed Democrats making slight gains in the final days of the campaign. But the better-financed Republicans mounted extensive advertising campaigns in many markets.

Mr. Clinton watched vote returns Tuesday from the White House. On election eve, he proclaimed himself "both confident and apprehensive."

Newt Gingrich, the House speaker, expressed no apprehensions. "There's no intrigue," he said. "We're going to win an election today." While the Republican's own re-election seemed certain, the political game of expectations meant that tepid gains by his party could weaken his influence in the House, though his speakership did not appear at risk.

Unless the outgoing Congress resolves the impeachment matter this year, the Congress elected Tuesday will decide Mr. Clinton's fate. Regardless, the election result will be viewed as a signal from voters on what they want done about the president.

Analysts said Republican gains of 15 or more seats in the House and five in the Senate would embolden members of the Judiciary Committee to move ahead more aggressively with the impeachment hearings that are to open this month. With smaller gains, Republicans might agree to a negotiated agreement to censure the president and drop impeachment plans.

"In some ways," said Mark Rom, acting director of the Public Policy Institute at Georgetown University, "the Republican dream is to not win very big. A big win would mean they would have to push harder on impeachment. But in some ways they would be happier letting Clinton struggle for two years."

## RATES: Britain Moves to Stimulate Economy as Others Ease Credit

Continued from Page 1

global economy. "It's reasonably sensible," said Richard Jeffrey, chief economist at Charterhouse Tilney Securities.

Mr. Brown's budget statement followed a shift by economic policymakers across Europe in recent months. The new finance minister of Germany, Oskar Lafontaine, has effectively rejected the previous government's policy of sustained deficit reduction and signaled his desire to stimulate growth. French and Italian officials have echoed that view.

"Brown will be comforted by noises coming from the Continent," said Mark Cliffe, an economist at ING Barings.

The interest-rate reductions Tuesday

by three countries increased speculation about a possible broader cut in European rates on a day when there was a meeting of governors of the European Central Bank, which next year will take over management of monetary policy for countries adopting the single currency. But most analysts said the Bundesbank was likely to refrain from any cuts for the rest of this year. If only to show that it would not bow to political pressure.

"The ECB is virtually obliged to rebut those comments," Mr. Cliffe said.

But the prospect for a broad rate cut early in 1999 is good, analysts said, because the global slowdown has trimmed growth prospects at a time when inflation is almost nonexistent. Mr. Cliffe predicted that the European

Central Bank would cut rates to 2.5 percent by the middle of next year.

On Tuesday, central banks in Spain and Portugal cut their benchmark securities repurchase rates by one-quarter point, to 3.50 percent and 3.75 percent, respectively. Sweden, which is not participating in the euro, cut its rate by a quarter point, to 3.85 percent. The moves were expected to focus attention on Italy and Ireland, which have the highest rates in the euro club at 4 percent and 3.75 percent, respectively.

Most analysts expect rates in the 11 countries adopting the euro to converge by the end of the year at 3.30 percent, the level prevailing in Germany and France.

Analysts were predicting a quarter-point cut, to 7 percent, from the Bank of England when its Monetary Policy Committee meets on Thursday. The central bank has been under strong pressure to ease because of the weakness of much of Britain's manufacturing industry, which has been hurt by the country's relatively high interest rates and a strong pound.

## GUCCI: Ex-Wife Found Guilty in Murder

Continued from Page 1

dola, said, "I guess the jurors were not susceptible to our arguments." Prosecutors had sought a life sentence, the most severe form of punishment in Italy.

Seeking a silver lining, he said, "Evidently, jurors had some doubts because they didn't give her a life sentence."

Mrs. Reggiani is scheduled to remain in prison, but her lawyers say they will ask that she be placed under house arrest pending an appeal.

Mrs. Reggiani's friends were stunned by the 29-year sentence.

"I think that is an extremely heavy sentence considering that child murderers get even less," said Jennifer Gucci, former wife of Paolo Gucci, a cousin of the murder victim. "I would have thought they would take her brain injury into consideration."

Hours before the verdict, Mrs. Reggiani made her final plea of innocence.

saying she was a victim of her astrologer's greed. "Never let even a friendly fox into the chicken coop," she told the jurors, referring to Mrs. Aurimma.

"Sooner or later it could get hungry," she said.

When married to Mr. Gucci, Mrs. Reggiani was one of the more extravagant members of the Italian jet set, known locally as "Liz Taylor" for her violet eyes, ample figure and fondness for jewelry. She was famous for having once said, "I would rather weep in a Rolls Royce than be happy on a bicycle."

Mrs. Reggiani continued to be outspoken even after her husband was shot outside his Milan office in 1995, telling friends and even reporters that she had wanted him dead. After she was arrested in 1997, Italian newspapers quickly dubbed her the Black Widow.

Mrs. Reggiani's lawyers argued that her threats were the ramblings of a mentally disturbed woman. She underwent a brain tumor operation in 1992.

## ARAFAT: Risky Strategy Against Hamas

Continued from Page 1

Mr. Arafat, before flying to Spain for a brief visit, accused Mr. Netanyahu of "wasting time," but appeared unruffled by the Israeli delay.

The more serious question for Mr. Arafat, say analysts, is how to disable Hamas's infrastructure and capability without provoking a backlash.

This week and last, Mr. Arafat has ordered the detention of 250 to 450 Hamas activists. More daringly, he placed under house arrest Sheikh Ahmed Yassin, the group's founder and spiritual father, disarmed his bodyguards, seized his files and cut off his phone lines.

The response came Sunday when, for the first time, some faction or individuals in the armed wing of Hamas — it is still not clear who — threatened to retaliate against Mr. Arafat's forces for what they called the Palestinian leader's "betrayal."

The warning, faxed to a news agency in Jerusalem, breaks with Hamas's official commitment to maintain Palestinian national unity, but no one in Gaza doubts its authenticity.

A small cat, if you push her into a corner, can become a tiger, said Ismail Abu Shanab, a ranking Hamas civilian leader.

If Mr. Arafat continues his crackdown on terror, he suggested, armed radicals in Hamas may disavow the civilian leadership's hands-off policy toward Mr. Arafat's forces. "The more pressure you put on people, the less they may be under control," he said.

In pressing his campaign against Hamas, Mr. Arafat also risks alienating a broader constituency sympathetic to Mr. Yassin. Hamas and their message of Islamic renewal. While Mr. Arafat has been tainted by the pervasive mismanagement and corruption of his Palestinian Authority, Mr. Yassin — wheel-chair-bound, ailing and articulate — is relatively untainted.

## Iran Leader Bars Thaw In U.S. Ties

Agence France-Press

TEHRAN — Iran's supreme leader, Ayatollah Sayed Ali Khamenei, on Tuesday ruled out any possibility of a normalization of relations with the United States.

The government also announced that it was recalling its ambassador from the Czech Republic over the launch of broadcasts in Persian by the Prague-based Radio Free Europe/Radio Liberty.

Tehran has decided "to downgrade its political and economic relations with the Czech Republic to protest against the launch" Friday of the U.S.-funded broadcasts, the Foreign Ministry spokesman, Mahmud Mohammadi, told Iranian radio and television.

"Iran has recalled its ambassador from Prague and no new economic contract will be signed with the Czech Republic," Mr. Mohammadi said.

"The severing of relations between Iran and the United States has been to the 100 percent benefit of the Iranian people," Ayatollah Khamenei said in a speech marking the 19th anniversary of the hostage-taking at the U.S. Embassy here.

Washington only "wants to recover the position they had in Iran before the revolution," he told thousands of students gathered on the eve of the Nov. 4 anniversary.

"Our importance around the world and in the eyes of other peoples is based on our standing up to the United States," Ayatollah Khamenei said.

He criticized "foreign media and certain circles" within Iran who "seek to insinuate that a resumption of relations with Washington can solve the economic problems Iran is facing."

"Iran does not need the United States to overcome its economic crisis," the Iranian leader said.

The "rehabilitation and reform" necessary to tackle Iran's economic problems "requires the will and determination of the Iranian people and not relations with the United States."

Alongside the Persian-language service, a U.S.-funded Radio Free Iran also started broadcasting on Friday. Baghdad, too, warned Prague that the broadcasts could damage relations.

## STORM: Thousands Remain Cut Off From Food and Water as Region Tries to Recover

Continued from Page 1

Casita volcano broke through its earthen rim and sent a tide of water and mud rushing down its side, sweeping away and burying the town of Posoltega and two other small communities. Officials said about 610 people had been confirmed dead in the incident, but that many more villagers were missing and might be interred in the massive mud field.

In Honduras, about 600,000 people — about 10 percent of the population — are thought to have lost their homes. Entire neighborhoods in the Honduran capital, Tegucigalpa, were washed away Friday when the Choluteca River broke over its banks and inundated many parts of the city, burying houses, cars and people in mud.

On Monday night, the Honduran president, Carlos Flores Facusse, pleaded for international aid, while top military officials in the capital said that they lacked the equipment to rescue people in remote regions. Many families have been waiting for days, sitting without food or water on top of their homes or perching

in trees, the officials said. "The demand is so great and the equipment we have is so little that we feel impotent," General Mario Hung Pacheco, the Honduran Army chief of staff, said.

There were reports from the northern town of El Progreso of desperate parents tying small children to the limbs of tall trees to protect them from drowning. More than 5,000 people were waiting for rescue in the southeastern region of Choluteca, while at least 2,000 were trapped by floodwaters in the city of San Pedro Sula, the authorities said.

"We can't cope with the huge demand for rescue," a navy lieutenant told Reuters. "We are trying to give food to those who are the most isolated, hoping they can hold out until we can evacuate them."

The hurricane designated Mitch, one of the most powerful storms to hit the Caribbean in modern times, reached its peak last week, generating winds of at least 180 miles (290 kilometers) per hour. It ranked as a Category 5 megastorm on the Saffir-Simpson scale, and is considered the fourth most powerful storm of the century.

But while it menaced Central America and caused heavy rains, the tightly wound eye of the storm never hit the mainland. Instead, it hovered over the Caribbean and the Gulf of Honduras for days, while a powerful cold front over the Gulf of Mexico slowed its progress to a crawl.

Stalled for six days, the storm dumped as much as two feet (60 centimeters) of rain a day on the countries of the region, flooding not only coastal and mountainous regions, but also inundating towns and cities on rivers.

In Honduras, officials characterized the storm as the worst natural disaster to strike in recent history. Over the last few days, floods and landslides have destroyed more than two-thirds of the nation's crops, knocking out scores of bridges and blocking nearly every major road. Floods devastated crops in the Sula Valley in the northeast, raising the possibility of food shortages next year.

■ Nicaragua Search Effort

Serge F. Kivuleski of The Washington Post reported.

In Nicaragua, the search continued for survivors of the mud slide on the slopes

of the 4,610-foot Casita volcano, about 90 kilometers northwest of Managua, the capital.

When the lake burst through the volcano cone, it created a wall of mud, boulders and trees — more than 3 kilometers wide in some places — that washed away and buried everything in its path, including three towns with several thousand residents.

Because of downed bridges and washed-out roads, army rescue teams were unable to reach the area until Sunday, two days after the disaster.

Witnesses described horrific scenes of decaying corpses and body parts protruding from huge fields of mud. With roads washed out, Vice President Enrique Bolanos said, rescuers had to rely on helicopters, but poor weather and visibility have delayed operations.

An area of nearly 80 square kilometers along the slopes and at the base of the volcano was buried in mud and debris, Mr. Bolanos said.

The death toll in El Salvador also rose on Tuesday to 222 dead.

There were still at least 100 people missing.



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# ELECTRICITY PARTNERS AND CLIMATE CHANGE: THE BUENOS AIRES DEBATE

PART III

SAVING  
ENERGY WITH  
ELECTRICITY

## NEW OPPORTUNITIES FOUND IN INDUSTRY

New technologies that make use of electricity also mean new business and investment opportunities.

**W**e take electricity for granted in our lives, for everything from providing light and heat to running our computers and televisions, but there are many other ways that electricity can be used in industry to improve the quality of life by reducing energy consumption and polluting emissions.

Since electricity is more efficient than other energy sources, less energy is wasted when it is applied to industrial processes. When the electricity comes from emission-free sources such as nuclear, hydroelectric, wind or solar power, a contribution is also being made to a cleaner environment. As a spokesperson for Tokyo Electric Power Co. (TEPCO) of Japan points out, without nuclear power generation, total carbon-dioxide emissions would be about 10 percent higher.

To keep CO<sub>2</sub> emissions down, TEPCO and Kansai Electric Power Co., also of Japan, strive for an optimal generating mix. TEPCO estimates that 33.4 million tons of carbon equivalent emissions were avoided in 1997 through the use of the optimal generating mix of nuclear power, LNG-fired thermal power and hydroelectric power. In fiscal year 1997, nuclear accounted for 43 percent of the electricity generated by TEPCO, LNG-fired power stations for 31 percent and hydroelectric for 7 percent of the electricity produced and purchased.

TEPCO and Kansai have also been working to improve the efficiency of thermal power, leading to fuel-cost savings as well as the conservation of resources and the reduction of CO<sub>2</sub> emissions. Efficiency has been greatly increased, to 49 percent, through the use of advanced combined cycle power generation technology at LNG-fired thermal power stations. The impending use of the most advanced combined cycle technology is expected to lead to thermal efficiency of 53 percent.

**A penny saved**  
The use of electricity in industrial applications can also save money. "Reducing the amount of material and energy used to make or supply goods and services can directly cut the cost of doing business," says the World Business Council for Sustainable Development in its report "Sustainable Production and Consumption: A Business Perspective." The report continues: "The savings may come from lower production and waste-management costs or may take the form of avoiding the cost of potential environmental liabilities."

A 1997 report issued by the French government, entitled "The Greenhouse Effect and the French Industrial Outlook," called on the industrial sector to play a major role in the reduction of greenhouse gas emissions through "the application of new technologies as equipment and infrastructure are renewed."

The U.S. White House "Fact Sheet on Potential Industry Sector Savings" points out that the industrial sector produces around one-third of total U.S. emissions and that motors consume 70 percent of the industrial electricity used. The report says: "The Greenville Tube Co., for example, increased productivity by 15 percent, increased energy efficiency by 30 percent, reduced scrap by 15 percent and achieved \$77,000 per year savings—a six-month payback—by improving the efficiency of their motors."

**More for less**  
At Electricité de France (EDF), the French national electric utility, a concentrated effort is being made to find new, energy-saving ways to use electricity in industry. According to EDF, "Manufacturers have understood the advantages that come from saving energy. To make a ton of laminated steel today, 30 percent less electricity is required than 15 years ago. For a ton of paper, there is a savings of 30 percent, and for cement-making, 15 percent."

The electric intensity required for certain processes has been reduced by half in the aluminum and paper-making industries, and by three-quarters for the making of phosphate-based fertilizers. Electricity can be used in industry for ultraviolet finishing treatments, heating and drying with microwaves, and induction heating. The chemical company Ciba, for example, was able to reduce its energy consumption by using ultraviolet light to dry paints instead of conventional heat ovens.

When it comes to protecting the environment from harmful emissions, EDF says: "This advantage is already present in the man-

ufacture of industrial products using nonpolluting electric procedures like reverse osmosis, mechanical vapor compression and heat pumps."

In France, some 800,000 manufacturers consume nearly 30 percent of the electricity produced. Electric motors consume 70 percent of the electricity purchased from EDF by industry. According to EDF, "Electricity has the essential advantages of being clean, reliable and flexible. It is no longer being used only by the 'traditional' major consumers like the iron and steel, metallurgical and chemical industries, but also — thanks to its many creative applications — in every sector."

Electricity has traditionally been used in industry for all types of motors; lighting (usually lower-consumption fluorescent lamps); electrolysis for the making of aluminum, chlorine and soda; cooling, with heat pumps, mostly in agriculture; heating and air-conditioning; running computers; the creation of "clean rooms" with pure air; and so on.

**New functions**  
Today, electricity is taking over some of the functions formerly fulfilled by fossil fuels and making use of innovative industrial processes. Many of these new techniques have been developed by manufacturers, often in cooperation with builders, universities and research institutes.

A variety of techniques are used for heating and cooling in all types of industries, including direct conduction, induction and heat pumps. In the plastics processing industry, for example, a major consumer of electricity, cold-air blowers are used to lower the temperature of machine

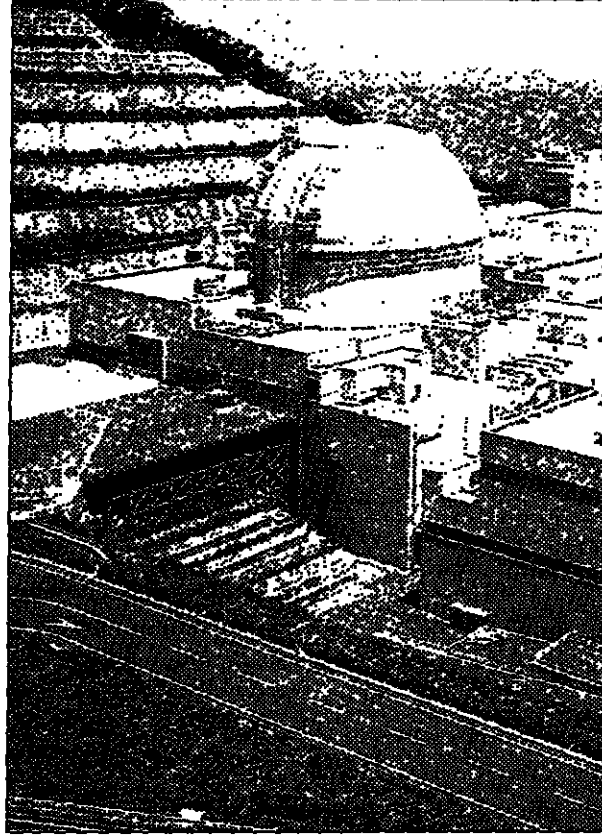
cylinder heads, increasing annual productivity by 10 percent. The automobile industry is using induction heaters to raise temperatures of parts to 1,250° C, reducing scrap from 20 percent to 5 percent thanks to the precision of the process. Resistance, the most commonly used technique, is used to heat liquids for painting, electroplating, enameling or plastification, which require constant, precise temperatures.

Precise temperatures are also required for firing ceramics, paint and varnish, as well as for the industrial cooking of foods. The traditional resistance or induction ovens used in industry are now giving way to radiation ovens similar to the microwave ovens used in homes. Some new ovens, used especially in the making of crackers, not only bake the product but also mix the raw materials and form and cut the crackers.

Electricity also plays a role in drying, an important process in industries that use a great deal of water. Var-nished and painted products, paper, textiles and pottery must be thoroughly dried before undergoing further treatments. Wood for furniture must also be dried, but slowly, a costly process that has been speeded up from several months or even years to a few weeks with the use of special compartments equipped with electric heat pumps.

Agribusiness and the chemical industry need separation systems for liquids and most often use evaporation along with mechanical vapor compression to concentrate liquids.

**Industry initiatives**  
With ADEME (Agence de l'Environnement et de la



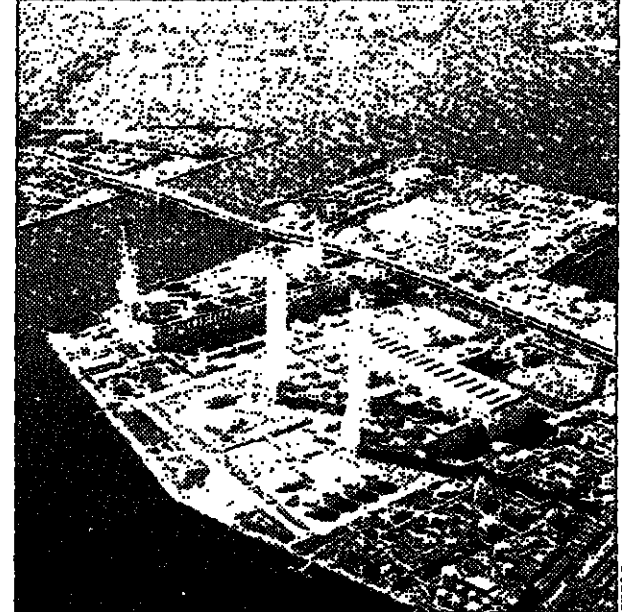
Technological advances in nuclear and thermal power plants (above left and right, respectively), such as these in Japan, have created cleaner sources of energy — to the benefit of people enjoying the great outdoors.

Maitrise de l'Energie, the French environment and energy management agency, EDF is promoting the development of Electronic Speed Variation (ESV), which can result in energy savings of between 15 percent and 30 percent. EDF and ADEME are conducting energy audits of companies and providing information to manufacturers on the benefits of ESV.

In Japan, Kansai and TEPCO are also applying electricity to industrial uses to save energy and prevent pollution. Since it is more energy-efficient to generate electricity with a constant output rather than stop and

start according to demand, both companies are conducting research on the sodium-sulfur battery and the Redox Flow battery, which can store excess energy during the night for use during the daytime, when demand increases.

Kansai and TEPCO are also developing high-efficiency electric power utilization equipment such as more efficient heat pumps that can be used in various industrial areas, and research is being conducted on the ways of increasing the efficiency of heat storage systems. One result of this research is an ice-storage air-conditioning system called "Eco-Ice."



## MORE EFFICIENT APPLICATIONS

Industrial applications of electricity not only save energy, but also help to make the world a cleaner place.

The idea is to recycle effluents and other wastes back into the manufacturing process, to integrate them into the fabrication of other products or, failing that, to compact them so that they are easily transportable to specialized treatment centers. These technologies can also contribute to savings on raw materials.

An example is the must from yeast fermentation vats, which is compacted and crystallized by an evaporator with mechanical vapor compression and used in cattle feed.

In the auto industry, ultrafiltration is being used by utility vehicle manufacturer Sovac (of the Renault group) to continuously degrease baths for galvanized sheet metal, reducing the quantity of water and degreasing products needed because the baths do not have to be changed. Electrolysis, used in the rinsing bath of treated parts, provides increased efficiency and allows polluting metals to be recovered.

The French textile printer SIH uses a microfiltration membrane technique to trap pigments, improving the biodegradability and color removal level of the effluents and reducing the amount of water needed.

Electricité de France (EDF), the French electric utility, has participated in the development of these and many other clean new industrial technologies that can also result in energy savings.

Another example is the electric arc rotary furnace, which allows aluminum to be recovered from the smelting process without using the added salts that produced highly toxic waste in traditional rotary furnaces. With the new furnace, combustion flue gases no longer need to be treated and residues can be recycled. The technology has been tested on the Drosac prototype developed by Hydro-Québec, and Sover Affinage in the Brittany region of France has decided to use the new furnace to treat 5,000 tons of aluminum per year. EDF took part in tests on the

pilot project and was one of the project coordinators.

At the Astra pharmaceutical factory in Dunkerque, France, EDF has installed vacuum pumps used in concentration and drying processes. The pumps make it possible to lower the boiling point of solvents, thereby saving energy and improving product quality.

**Electricity is the driving power behind many new technologies that are reducing the amount and toxicity of industrial pollution**

Together with the Pillar company, EDF developed a one-piece blower for Renault's STA (Société des Transmissions Automatiques) that uses the energy-saving technology of evaporation-concentration by mechanical vapor compression. The volume of liquid effluents is reduced 30-fold, and most of the distillates can be recycled after treatment.

A process called electrocoagulation is being used by CBC, a French electroplating company that specializes in electrolytic and chemical treatments of mechanical parts. Electrocoagulation reduces pollution by 99 percent for metals and suspended matter and improves biodegradability by 70 percent. The residual water can be recycled in the production process.

STEG, a French specialist in electrolytic treatments for the aeronautic industry, treats effluents with vacuum evaporators equipped with a heat pump. No liquids are released into nature. Kerbirio, a galvanizing company, uses a heat pump to dry sludge, cutting its volume in half.

Girex and Mazal, producers of active ingredients for pharmaceutical industry, installed a regeneration unit in 1997 with the help of EDF and the local water authority. It reduces the amount of solvents used and enables the recycling of 80 percent of solvents.

## CLEAN ENERGY: THE CHANGING FACE OF TRANSPORT

Increasingly, electric power is proving a viable alternative to fossil fuels. Both public and private transportation are being transformed.

**T**he transport sector accounts for around a quarter of the world's carbon dioxide emissions, and in spite of efforts to reduce these emissions in many countries, the OECD estimates that the amount of CO<sub>2</sub> emitted by vehicles will grow from 2.5 billion tons in 1990 to between 3.5 billion and 5.1 billion tons in 2020 unless further action is taken.

The developed world is responsible for most of these emissions, but as developing countries grow (the current world population of 5.9 billion is expected to reach 7.9 billion by 2020, with most of the growth occurring in developing countries, according to the World Energy Council), their share of the problem will grow, too.

The European Environment Agency's June 1998 assessment of the state of the environment paints a rather gloomy picture of the transport sector. "In all parts of Europe," it says, "public transport is losing out to private transport, and there is a considerable political momentum to extend road and traffic infrastructure."

Electricity offers one hope for cleaner transport, and one that is no longer scorned as impractical or too costly. Many car manufacturers are working seriously on the development of electric or hybrid engines and are having well-publicized successes with them.

**Public-sector support**  
Governments, electric utilities and other industries are cooperating in the effort. In the United States, the Partnership for a New Generation of Vehicles (PNGV) is a cooperative effort of the federal government, the three major U.S. carmakers, Chrysler, Ford and General Motors, and their suppliers. PNGV supports research on the development of affordable, attractive car with three times the fuel-efficiency of today's autos.

In its 1997 Environment Report, Electricité de France, the French national electric utility, says, "The first solution that comes to mind is, of course, to encourage public transportation, but more generally, we must encourage the uses of electricity, which not only contributes to en-

vironmental protection on a global level, but is also non-polluting for the immediate environment, producing no dust or exhaust gases at the point of use. Moreover, in urban areas, where noise is one of the most aggressive forms of pollution, electricity provides a virtually noise-free energy source."

EDF is working with equipment manufacturers and industrial electricity consumers to develop energy-efficient electric processes. In the French transport sector, electricity already plays a major role in passenger and freight trains, subways, trolleys and trams. EDF and the RATP, the Paris municipal transport authority, are testing electric buses in Paris's hilly Montmartre quarter, and the City of Paris has just introduced electric garbage collection trucks.

**Electric scooters**  
Along with the RATP, EDF is planning to pool orders for electric buses for French and European cities and to participate in an invitation to tender to European vehicle manufacturers. The company also supports the de-

velopment of individual electric vehicles such as cars, scooters and bicycles and is promoting the use of electric vehicles in companies. It participated in the development of Peugeot's award-winning electric scooter, and electric scooters will soon be available for rental at the Montparnasse rail station in Paris.

Partnerships have been set up with several cities and Sceta Parc (a subsidiary of the SNCF, the French national rail authority), Total and CNPA (Centre National des Producteurs Automobiles) for the installation of recharging stations for electric cars. Most parking lots in Lyon are already equipped with them, and EDF and Budget also rent electric cars in Lyon.

In Paris, the Electric Vehicle Club runs a national center for the promotion and demonstration of electric ve-

hicles. In 1997, Praxitelé, the world's first self-service electric car-rental agency, was set up in Saint-Quentin-Yvelines, a Paris suburb, with an induction recharging system developed by EDF. Similar outfits will soon be established in other French cities.

In Japan, carmakers have made intensive efforts to develop viable energy-efficient vehicles and are already bringing them to market. Toyota has introduced its hybrid (gasoline-electric) Prius in Japan and will market it in Europe and North America in 2000, while Honda's Intelligent Motor Assist drive-line uses electricity from a capacitor to increase the power of the gas-driven motor.

Electric companies in Japan are also backing up these efforts. Kansai Electric Power

Co. has been involved since 1993 in the development of a practical four-passenger electric car. Called the Charade Social EV, it runs on nickel metal hydride batteries developed jointly with Daihatsu Motor Co., Toshiba and Japan Storage Battery Co. Says Kansai, "With the Charade Social EV, drastic improvements have been made in the maximum mileage, acceleration performance, maximum speed and the reliability of the residual battery charge meter, and the interior has been made more spacious as well."

Kansai also encourages the use of electric vehicles within the company, mostly at sales offices located in urban centers. Tokyo Electric Power Co. also promotes the use of electric cars by its sales office and is evaluating their practicality in the working environment.

Electric companies in Japan are also backing up these efforts. Kansai Electric Power

"ELECTRICITY PARTNERS AND CLIMATE CHANGE: THE BUENOS AIRES DEBATE" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by Electricité de France, Kansai Electric Power Co., Inc. and Tokyo Electric Power Co., Inc.  
WRITER: Heidi Ellison in Paris.  
PROGRAM DIRECTOR: Bill Mahler.



## A Very Glossy 'Classy Affair'

By Sheridan Morley  
International Herald Tribune

**L**ONDON — While critical eyes have been understandably focused across the water on the resurgence of Irish drama these last three years, right here in London we have a playwrighting revolution no less remarkable. Not since 1956 have we had so definable a local movement, and even that one was a lot less socially and geographically coherent.

This time, with Jez Butterworth ("Mojo"), Patrick Marber ("Dealer's Choice") and Nick "Closer" and now Nick Grosso ("Real Classy Affair") at the Royal Court Upstairs at the Ambassadors, we have a genuinely thrilling new grouping of street-smart, staccato dramatists engaged in a kind of Soho Chic complete with Soho chicks.

True, Grosso's script seems at times to be not so much well written as well remembered from earlier revolutionary British playwrights, but at least he borrows from the best. From Osborne's "Look Back in Anger" we now get the Woman Who Irons, though here she does so much of it that eventually the stage is almost entirely filled with laundry, as though she was running some kind of manic amalgam of a therapy clinic and neighborhood dry-cleaning establishment, by the look of it the only one in town.

Then, courtesy of Harold Pinter, we have the four blokes at the bar in a menacing, half-finished series of oblique dialogues that are mainly notable for what doesn't quite get said. Grosso and his director, James Macdonald, have discovered the crucial importance of style; even the scene changing is as carefully choreographed as a Jerome Robbins ballet, and there's a bird's-eye view for the audience of a revolving stage, exactly as in Marber's "Dealer's Choice," only this time instead of a poker game, we just

get four men behaving badly in a series of verbal brawls.

But Grosso is also exciting in his own right and writes; to all the well-tried formulas of earlier stylists he brings something new, a flashy, urban-despairing sense of people, frantically juggling their lives and careers without any visible means of support. His characters are tightrope walkers on a high wire of life and leisure, denied most of the usual props. Now you see them, now you don't, as they collide like human bumper cars into each other's amazing egos.

These are guys who are going nowhere very fast, and the only woman in the cast (a haunting Liza Walker) is the only one who can confront their various failures and offer some kind of an admittedly selfish solution.

"Real Classy Affair" is as glossy as the shiny suits of its male contenders and will for that reason almost certainly have a long afterlife in the West End and then I would guess on film or maybe even as the pilot for a television series of unusual distinction. More successfully than almost all his rivals in the theater, Grosso manages to write the kind of dialogue you expect to hear in a contemporary British movie. He tells us more than we need to know about the vicious survivors of the '90s, and his style is that of a latter-day Oscar Wilde on speed.

"Real Classy Affair" may not be a great play and like much contemporary writing, it tends to vanish up its own blind alleys. In that sense it is highly journalistic and benefits tremendously from the playing of Callum Dixon and Joseph Fiennes in a powerful cast of contenders. Quite what they are in contention for is never satisfactorily explained; some kind of brutal victory over each other, certainly, and a way of kicking over all traces of former street life while inventing one of their own, more violent in language than in the alleys behind their beloved public house.

In one sense they are all losers, sexually and socially, and yet Grosso invests them with such charisma, so strong an urge to show off if only to each other, so desperate a sense of failure, and such ferocious self-absorption that they acquire tremendous energy even in their most uneventful moments around the bar. A current of sheer theatrical electricity runs all through "Real Classy Affair," and the shock is in the style, raw and rapid and lethal in its energy. This is undoubtedly the most promising play of the year.

The title character of "Saving Charlotte," at the Bridewell, is Charlotte Salomon, whose paintings are now coincidentally on view at the Royal Academy, and she wasn't saved at all except on canvas. Rather, she was murdered by the Nazis on her first day at Auschwitz in 1943, when she was barely 26.

From that brief and tragic life, Judi Herman has carved a strange little collage of a play, in which Charlotte's daughter (also murdered at Auschwitz) comes back from the dead to recall her mother's truly bizarre and understandably reclusive childhood.

In one way or another, Charlotte was constantly being abused by her own family long before the Nazis got to her. The whole of that family seems to have had a death wish, mostly attempting suicide even before Hitler gave them reason to, and it is indeed arguable that Charlotte's refusal to go into any kind of real hiding from the Germans was yet another form of death wish.

"Saving Charlotte" is kaleidoscopic and inconclusive, with four actors playing out brief scenes from Charlotte's early life, though you might well learn rather more about her from the catalogue accompanying her exhibition. But Kerry Shale is in fine, menacing form as the father and Annoushka Le Gallais, a talent new to me, plays Charlotte halfway between Anne Frank and Sally Bowles.



Kim Gordon of Sonic Youth is one who wants to prove that the rock lifestyle is not bad for children, or vice versa.

## Rock's New Phenomenon: Family

By Ann Powers  
New York Times Service

**N**EW YORK — "I am a child," sang Neil Young in 1968. "I'll last awhile." It was the flash point of a rock-and-roll-fueled youth explosion, and fans identified more with Young's naive protagonist than with the father figure making rules in the ballad's last verse. "I Am a Child" magnified rock's romanticization of childhood — and of adolescence, which to most rockers means childhood plus sex. The song traced a legacy of teenage rebels and sweet little 16-year-olds to its origins in an emotional Never-Never Land.

In 1998, though, rock and its sibling genre, hip-hop, seem headed for a different future. On the MTV Music Video Awards, the rapper and actor Will Smith accepted his awards accompanied by his 5-year-old son, Justin; Smith's current single, "Just the Two of Us," is an ebullient ode to the boy. Billie Joe, of the punk band Green Day, focused his awards speech on his wife, at home awaiting the birth of their second child. Performers included two cutting-edge mother figures: Courtney Love of Hole and the evening's big winner, Madonna, whose latest album, "Ray of Light," describes her spiritual awakening after the birth of her daughter. Rock-and-roll, the cultural home of perpetual adolescence, was clearly engaging the ultimate passage into maturity: parenthood.

The domestic realm has long provided fruitful subject matter for musicians in other genres like country and folk, which attract listeners of all ages and gain power from a different set of myths, including an often sentimental view of family life. When classic rockers have addressed their own children in song, they often invoke these other styles, tapping their melodrama and effectively sidestepping the conflict between such conventional feelings and rock-and-roll rebelliousness.

As rock-and-roll becomes a lifelong pursuit for many, the debauched dream of sex, drugs and general abandon is giving way to a new set of ambitions. Young rockers have seen Mick Jagger become a grandfather and Bob Dylan share the pop charts with his hit-making son, Jakob, and they are starting to question the illusion that the rock life style could or should stave off adult responsibility.

Rockers are eager to learn how to grow up without abandoning shared values like spontaneity and self-determination. Being a parent is a great metaphor for that attempt, and it is also a condition that many feel should no longer be hidden.

The attempt to infuse parenthood with rock-and-roll attitude extends from the mainstream to the underground. Once, female artists usually retired or at least took time off when pregnant, but the trend today is to pick up some groovy maternity gear and keep going, as Posh and Spice are doing and Erykah Badu did. And once the kids are born, they are not always banished to nanny.

Alternative-rock fans can sometimes spot 4-year-old Coco Gordon Moore, daughter of Thurston Moore and Kim Gordon of Sonic Youth, wearing huge protective headphones while watching a concert in her mother's arms. Artists like Gordon treat maternity as a normal part of life — a daring concept in a field where, not long ago, female sexuality was designated as either fantasy material or a means of entrapment.

To the world in general, staying childless is still the real act of rebellion, especially for women. But within a rock-and-roll culture struggling to maintain its youthful ideals beyond an overcast adolescence, artists venturing into public parenthood break a different set of constraints. "Unsure of what the balance held, I touched my belly overwhelmed," sings Lauryn Hill on "To Zion," a song dedicated to her newborn son, from her huge-selling debut album, "The Miseducation of Lauryn Hill."

### The pioneers who stood in isolation before are now considered role models.

Hill (who is expecting again) has been called self-righteous in her advocacy of old-fashioned mama power. But her songs tackle the doubts that come with parenthood, as well as the revelations. Rockers rarely wrote about such matters, perhaps because they contradicted the free and easy individualism of the rock myth. Usually, when an artist turns to domestic subjects, as Bruce Springsteen did, for example, with the album "Lucky Town," it has signaled a step away from his rock-and-roll virility.

In 1998, though, such separations are harder to maintain. The biggest change in pop during this decade has been the emergence of female artists as regular and equal players instead of courageous rarities. These new stars, like most professional women, are refusing to choose between career and family.

The pioneers who stood in isolation before — Chrissie Hynde, Sinead O'Connor, Kristin Hersh of the Throwing Muses — are now considered role models, instead of freaks, among the boys. These women endured great difficulties because of their insistence that motherhood need not end their careers.

Hynde and O'Connor faced criticism and saw their record sales drop when they turned to more domestic subjects. Hersh, who had the first of three sons at age 19, lost custody of her oldest, Dylan, to his father partly because she was in a touring band. But she refused to give up her art, and the sight of her playing Throwing Muses' jagged, hypnotic rock while huge with her second son, Ryder, was one of the most inspirational shocks the under-

ground rock world got in the early '90s.

The way motherhood informed the artistic identity of such women is equally subversive. Hersh's lyrics tend to be oblique, and the erotic, fractured ballads that fill her 1998 solo album, "Strange Angels," would not necessarily conjure images of fecundity unless one knows that she wrote them while confined to her bed with a difficult third pregnancy.

Parents like Hersh are changing the scenes in which contemporary music is made and heard, and, just as important, confounding the argument that children must be protected from rock-and-roll's dangerous influence. Others, like Liz Phair and Amy Rigby, are making their mark through their lyrics.

Rigby's 1997 debut album, "Diary of a Mod Housewife," was hailed as a groundbreaking effort because its rootsy pop songs matter-of-factly broached subjects like marital boredom and dead-end pink-collar jobs. These were quotidian concerns that did not fit anyone's description of bohemian. But Rigby is undeniably bohemian, and she was describing that world's plain truths, not its wishful self-image.

Her just-released second album, "Middlcescence," takes up her story at a new juncture. Now a single mom, she contemplates the drama of buying clothes off the clearance rack or trying to salvage a date when the kids demand to stay up past their bedtime.

Liz Phair goes in a similar direction on "Whitechocolatespaceg," especially on the indelible ballad "You Go Ahead, Honey," which plainly and simply elucidates the strain a new baby can put on a relationship. Once underground rock's most famous female sexual adventurer, Phair has not compromised her frank approach because she has settled down.

The triumphant thing about songs like hers and Rigby's is that they so blithely cross lines few artists have approached. Just as classic rock first broached forbidden subjects like sexuality, they dig into the particulars of domestic experience with a frankness that challenges propriety. Not only is the reverent image of traditional family life violated, but the rule of silence on subjects considered "novelties," as Rigby called making a living and having a family, is broken.

Neither sentimentalizing nor trivializing it, today's artists target parenthood. Few have done so with such force as Courtney Love. Love has never been anybody's idea of the perfect mom: she had her daughter, Frances Bean, within a maelstrom of controversy about drug use and other irresponsible acts, then faced single parenthood when her husband, Kurt Cobain, killed himself.

Instead of trying to hide her troubles, she turned them into ferocious music. In 1994, her band, Hole, released "Live Through This," an album that staged a visceral attack on feminine stereotypes, with images of squirming milk and screaming hunger that evoke the exhaustion, isolation and emotional bewilderment that are the dark side of maternity.

## Kirov Still Expanding Its Horizons

By George W. Loomis

**S**T. PETERSBURG — What is the Kirov Opera doing to weather Russia's economic crisis? Honing its skills in Italian opera, for one thing.

It chose the end of October for its first new productions of the season, sandwiching

Mozart's "Le Nozze di Figaro" and Bellini's "La Sonnambula" between the orchestra's historic trip to China earlier in the month and its three-week concert tour of the United States now under way.

Supported by a pool of close to 200 orchestral musicians, the Kirov's three performing organizations — op-

era, ballet and orchestra — will offer more than 400 performances this year. Valery Gergiev, the artistic director, has built his enterprise into the cultural world's first multinational entity.

Yet the process of globalization involves more than the logistics of planning engagements, obtaining visas and making travel arrangements. It also means broadening the company's artistic base to match its global strategy. To this end, Gergiev is diversifying the opera repertoire beyond the Russian specialties with which it is still mainly identified abroad.

Programs for the current orchestra tour consist almost exclusively of Russian works, but, Gergiev pointed out in an interview, the Kirov is doing the "Ring" in 2000-01.

Russia has an Italian opera tradition going back to the days of Catherine the Great in the 18th century and before, but lately performances have been pretty much limited to a few standard works and have often lacked idiomatic flair.

Gergiev's answer is to get to singers when they are young, and to this end the Kirov has established a new academy similar to programs for young artists run by other major opera houses. The clear aim is to produce a new breed of singer with the widely recognized versatility of young Americans yet also capable of maintaining preeminence in the Russian repertoire.

Young singers dominate the casts of both new productions, which have a young conductor as well, the Italian Gianandrea Noseda, a Gergiev protégé who has helped energize the Kirov's Italian performances for the last couple of seasons.

First nights of new shows at the Kirov are sometimes a kind of final dress rehearsal, but, as luck would have it, the performance of "La Sonnambula" last Friday was not even that. Because of technical problems in assembling the sets, which were borrowed from La Scala in Milan, a late-hour decision was made to postpone the first staged performance. Thus, the audience witnessed a concert performance, but with the decline of the ruble translating into a top ticket price of about \$3.20, few could complain that they didn't get their money's worth.

Above all, the evening was special for the Amira of the coloratura soprano Olga Trifonova, who at 25 has already sung with the Kirov on two New York tours. Her voice has a metallic luster that is distinctly Russian, but what was especially encouraging was the supple, unforced way

in which she shaped and colored phrases. In a country where even seasoned opera buffs learn operas more by going to performances than from listening to records, most were probably hearing "Sonnambula" for the first time, but the audience clearly responded to the opera and applauded Trifonova's "Ah! non giunge" right through the choral postlude, just as the La Scala audience did for Maria Callas' legendary 1955 performances under Leonard Bernstein.

Further seasoning will no doubt give Noseda's "Sonnambula" a cumulative momentum to go with its fine details, but his "Figaro" the next night was all of a piece and at one with the singers at every step.

Tatiana Pavlovskaya's vocally shimmering Countess and Vladimir Samsonov's vibrant, narcissistic Count were welcome holdovers from the company's previous production. Of the newcomers, Irina Gnoeva offered a *Suzanna* that was properly sung if rather dull, but Ildar Abdrazakov's Figaro had an appealing, worldly dimension. Yuri Alexandrov's production was lively and good-natured, despite the questionable touch of introducing a subversive band of revolutionaries.

**T**HE energy and breadth of the company's activities seem far removed from Russia's sorry economic state. "We can do lots of things and have fantastic forces," said Gergiev, speaking with special pride about the China tour, the first by a Russian ensemble in 30 years.

Concerts were televised nationally and included an appearance in the Great Hall of the People in Beijing before an audience of 8,000 and another in Shanghai's new opera house. "But we can't plan for the horrible events in Russia. We do not face the future with fear, but we must not react with thoughtless enthusiasm either."

There is no talk of retrenchment, but clearly Gergiev expects the continued loyalty of the Kirov's friends abroad. "Billions of dollars were poured into Russia," he said, "but we are one organization that financial institutions and corporate sponsors can continue to trust. New money is directly translated into new artistic projects."

Many are now in the pipeline. The next stop for the orchestra is Japan — all in a month's work for this unique ensemble.

George W. Loomis is a music writer based in Moscow.

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1 Basketball Hall of Famer from the Celtics  
8 A pop  
11 About 2 of a m  
14 Some patches  
15 Oakland's county  
17 Gentle pace  
18 Greatly surpassed with  
19 Mornings for short  
20 U.S. retailer since 1952  
21 General Hospital, e.g.  
24 Bidding

**DOWN**

25 Trent's Last Case's author  
26 Pick-me-up  
33 Core  
34 Grand achievement  
35 Columnist Barrett  
36 "Hold On Tight" rock gr.  
37 Be in arrears  
38 His springs  
40 Being, e.g.  
41 Sports shares?  
42 Loose control of a car  
44 Marker  
45 Money in the bank, say  
47 Petals in the Wind's author

**48 Do a maître d's job**  
49 Cartoonist Peter  
50 "U Can't Touch This" singer, 1990  
51 Holloween decoration  
57 Tenant farmer  
58 Subdivision of a Roman legion  
62 Pet carrier  
63 Lashun  
64 Ruler's length  
65 Jordan has a part in it  
66 Reg version  
67 Noted children's book illustrator (one of six "middle C" people in this puzzle)

**19 Notion in Normandy**  
20 Luck  
21 Personal counselor  
22 Military vehicle  
23 Cayuga relative  
25 Dome opening in architecture  
26 Ones overseeing  
27 "Monkey business"  
28 Said  
29 Cpl or Sgt  
30 Stranded motorist's need  
31 More of a body  
32 Around, so to speak  
33 Old-time Mel terror  
34 32-card game  
35 Brooch part  
36 Tack on  
37 Angel  
38 Helen memento  
39 Musical sports  
40 Went off at an angle  
41 Approve  
42 Sensed odor, old-style  
43 Thon shoes  
44 Newborn's place  
45 Wedding dance  
46 Judge's seat  
47 Freshly  
48 Back-to-work time: Abbr.

**59 "The Haunted Palace" poet**  
60 Auction amount  
61 Subjunctive verb ending

**Solution to Puzzle of Nov. 3**

HEAD PAPER SLED  
OLLA IDAHO MADE  
DANVO NOISE EMIR  
SNAY ORN ELITE  
HOPLESSTASK  
ACTOR SEGOS  
CRANES SOP SILLO  
HOMELISSHELTER  
EWES LAD STEVE  
ELMER CURILO  
ENOLESNIGHT  
PERIL TAR HOWE  
ERAS AGILE INON  
EVIL BASTE NERO  
SYNE BITON GAMU

**DOWN**

1 Tease  
2 Magnon  
3 Nudge  
4 Recorded  
5 Cheers' regular  
6 Slaughter in baseball  
7 J.F.K. arrival  
8 Line some log  
9 Take flight to unite  
10 Least experienced  
11 "Show Boat" composer

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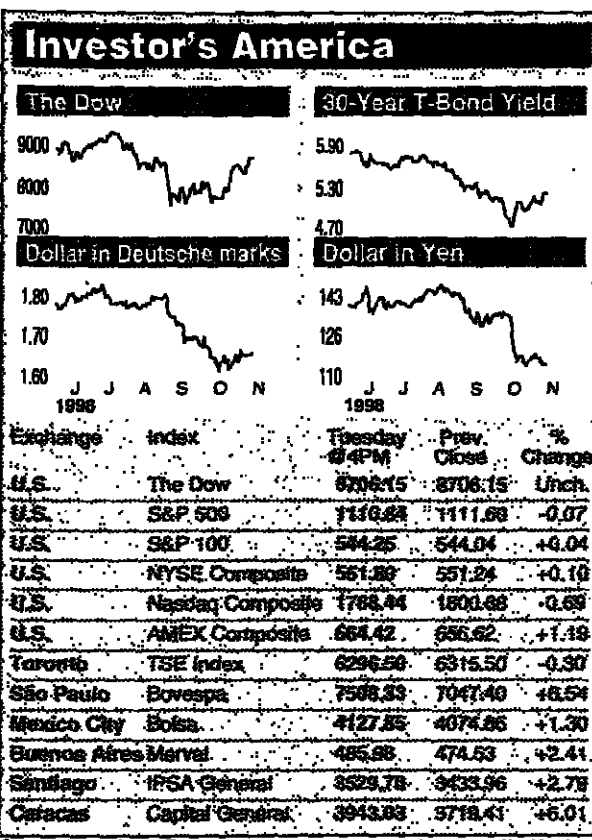
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## THE AMERICAS



## Very briefly:

- Nintendo of America Inc. said it had beaten out Sony Corp. for the initial rights to make two video games linked to the first of three new "Star Wars" movies, slated for release in May. Terms of the deal were not disclosed.
- Lockheed Martin Corp. said it expected to take a fourth-quarter charge of as much as \$400 million to change the way it accounted for development costs.
- Donna Karan International Inc. said its third-quarter profit rose more than eightfold to \$7.6 million, but the share price fell since the results were below expectations.
- Dole Food Co. said it expected to take a fourth-quarter charge of \$30 million to \$70 million because of damage to its Central American crops, particularly bananas, from the hurricane designated Mitch.
- Trizec Hahn Corp., the Toronto-based real-estate company, said its third-quarter earnings rose 52 percent to \$17.1 million, fueled by its purchase of commercial properties and higher revenues from office rentals.
- Kinowest Medien AG, the German film distributor, said it had bought the rights to at least 22 film productions from New Line Cinema in an agreement worth \$120 million.
- SyQuest Technology Inc., once the pioneer in removable storage devices for personal computers, will close its doors and may file for bankruptcy. SyQuest's stock has plunged from almost \$19 a share in August 1995 to 34 cents on Monday before trading was halted pending the announcement.
- Hewlett-Packard Co., Microsoft Corp. and 12 other companies formed a group to establish standards for the Java programming language in the so-called real-time embedded systems industry, in what was viewed as a sign of frustration with Sun Microsystems Inc.'s control of the standards process. Sun is the creator of Java, which allows programs to run on any computer regardless of its operating system.
- The National Association of Securities Dealers and the American Stock Exchange completed their merger to form a new organization, the Nasdaq-Amex Market Group, which will have 6,178 listed companies.

## Investors Await Clues to Clinton's Future in Elections

Compiled by Our Staff From Dispatches

NEW YORK — Stocks finished mixed Tuesday as investors waited to see if U.S. election results would shed any light on the future of President Bill Clinton.

"Investors tend to want the certainty of the results, so they're taking a cautious stance in an over-extended market," said A.C. Morre, equity strategist at Dunvegan Associates. Stocks have rallied strongly in recent days.

U.S. voters will choose one-third of the Senate and all 435 members of the House of Representatives. The results could determine how aggressive Republicans are in pursuing impeachment of Mr. Clinton for lying about an

affair with a White House intern. "The market wants to see Clinton stay in office," said Dan Ascani, president of Global Market Strategists.

The Dow Jones industrial average finished unchanged at 7,111.88, and

## U.S. STOCKS

the Standard & Poor's 500 index closed down 0.07 point at 544.25. Advancing issues outnumbered declining ones by an 8-to-7 ratio on the New York Stock Exchange, and the Nasdaq composite index finished 12.47 points lower at 1,659.33.

Investors also were beginning to look ahead to the next milestone: the Nov. 17 meeting of the Federal Re-

serve Board's policy-making Open Market Committee. The Fed cut interest rates on Sept. 29 and Oct. 15 to head off the impact of a global recession on the U.S. economy.

But further cuts may be less likely now, given that stock markets in Asia have recovered, investors are returning to the corporate bond market and Japan is taking steps to solve the bad-loan problems at its banks and pull the second-largest economy out of recession.

"I think the market is beginning to realize that the Fed is not guaranteed to cut rates again when it meets in two weeks," said Robert Stovall, president of Twenty-First Advisers. In the Treasury bond market, the

price of the benchmark 30-year issue closed 12/32 point higher at 104 3/32, taking the yield down to 5.22 percent from 5.23 percent Monday. Bond demand has been stoked by signs that inflation in the United States will remain subdued.

Ciena was the most actively traded stock, falling 3 9/16 to 18 1/4 after the company, which makes equipment to increase the capacity of phone networks, announced a contract with Eircom that was smaller than analysts expected.

Ciena shares had risen recently as earnings expectations grew amid optimism that the company would gain contracts and that it may be an acquisition target.

Painpoint Technologies, a competitor of Ciena and also a rumored takeover target, fell 7/16 to 11 3/16. First Health Group fell 6 1/4 to 17 after the health insurer posted disappointing results for the third quarter and warned of continued trouble in the current quarter and next year.

Boston Scientific fell 5 1/4 to 46 1/4 after the medical-device maker said it found accounting irregularities at its Japanese subsidiary that resulted in \$40 million to \$50 million in improperly recorded sales in 1998. The head of the company's international business resigned to take responsibility for the problems. (Reuters, Bloomberg, AP)

## Cuts in European Rates Give Lift to the Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against other major currencies Tuesday after interest rate cuts in three European countries raised hopes that German interest rates may fall before the start of European Monetary Union on Jan. 1.

Central banks in Spain, Portugal and Sweden trimmed their benchmark short-term rates by a quarter percentage point on Tuesday. With Spain and Portugal joining the single European currency in January, both

## FOREIGN EXCHANGE

have been pressed to bring their interest rates down to the level of core European countries like Germany and France. The benchmark interest rate in Germany is 3.3 percent.

Hopes that the Bundesbank will join the rate-cutting trend when its central council meets on Thursday helped lift the dollar to 1.6590 Deutsche marks at 4 P.M., up from 1.6535 DM on Monday.

It rose to 5.5631 French francs from 5.5451 francs and to 1.3585 Swiss francs from 1.3510 francs. The pound was at \$1.6593, down from \$1.6640.

The dollar rose to 115.295 yen from 114.935 yen. Japanese financial markets were closed for a holiday.

"The return on European-denominated assets is falling before people's eyes," said Paul Podolsky, a currency strategist for BankBoston.

Wim Duisenberg, the president of

the European Central Bank, welcomed the new rate cuts, saying that the central bank council considered it "appropriate" that rates in the single currency block should continue to converge toward the lowest common level.

Asked whether interest rates in core countries like Germany or France can be lowered further before the end of the year, Mr. Duisenberg would say only that it is "nonsense to say that EMU interest rates cannot be raised or lowered further but don't ask me whether it will be done."

Roddy Graham, a currency analyst at Morgan Stanley Dean Witter & Co. in London, said, "The bias is very much toward easing across the euro zone." He said he expected the ECB to cut rates early next year, which would "attract people into higher-yielding dollar assets."

The dollar also is benefiting from growing speculation that the Federal Reserve Board will leave its key lending rate on hold.

"There's some doubt as to how fast the Fed will cut rates," said Elena Sperling, chief currency trader at Banco di Sicilia.

Investors were keeping an eye on U.S. elections.

"A middle solution would be best for the dollar," said David Horner, senior financial strategist at Merrill Lynch. "Foreign investors like the Bill Clinton presidency, and the way U.S. Treasury Secretary Robert Rubin and the Federal Reserve chairman, Alan Greenspan, work together."

## K-tel to Link Up With Playboy

Bloomberg News

MINNEAPOLIS — K-tel International Inc. shares soared Tuesday after the music retailer said it would team up with Playboy Enterprises Inc. to form an on-line music store.

K-tel shares closed \$6.50 higher at \$13.75 after more than doubling earlier in the session. Class B shares of Playboy, the publisher and producer of adult entertainment, climbed \$1.25, to \$16.125.

Financial terms of the transaction were not disclosed, although Chicago-based Playboy said the partnership was "financially the largest pact ever formed by Playboy Online" and could be worth more than a \$1 million.

Under terms of the agreement, Playboy Online and K-tel plan to develop the "Playboy/K-tel Music store" within Playboy.com, the company's free Web site. The site will be operating in time for the holiday season and include more than 250,000 music titles.

Separately, K-tel said David Weiner, who became president of the music retailer five years ago, has left the company.

A K-tel spokeswoman, Dilek Mir, declined to say when and under what circumstances Mr. Weiner had left. Mr. Weiner could not be immediately reached for comment.

On May 15, Mr. Weiner, along with chairman and chief executive Philip Kives, extended \$8 million in credit to K-tel's fledgling on-line music service.

## NBC Struggles to Find Life After 'Seinfeld'

By Bill Carter  
New York Times Service

NEW YORK — Only 18 months ago, executives of the NBC television network were riding a wave of prime-time success. Its executives were so confident that they occasionally suggested that they did not merely want to be the No. 1 American network; they wanted to be the only network.

NBC, a unit of General Electric Co., was convinced it had a sound strategy for maintaining its elevated position in the ratings and could be the first network to avoid the ride down the bad side of the ratings wheel of fortune.

But some of the edge came off that confidence last Christmas, when Jerry Seinfeld announced that he was stopping production on the comedy series that had led NBC to its record profit. Now, in the first season without "Seinfeld," NBC finds itself in a suddenly altered position.

As it did in the early 1990s, NBC is once again struggling to counteract a combination of factors: the hit that could not be replaced, the suddenly dry pipeline of new hits, the ball-and-chain encumbrances of commitments to previous hit makers, and the internal executive turf battles.

And once again, the network is looking to a new entertainment executive to help stem the downward turn of the programming cycle that has hit every network that has reached a position of American prime-time dominance in the past two decades.

If there were ever any doubts about the ratings clout of "Seinfeld," they have now been erased. NBC's ratings are off by more than 20 percent this autumn.

Tellingly, the network's biggest losses have been among younger men, the biggest fans of "Seinfeld." Some of that is also the result of NBC's abandonment of National Football League games this year. But even when all sports programming is factored out, among men between the ages of 18 and 49, NBC is still off by 22 percent.

Last week, Scott Sassa, 39, the former head of entertainment operations for Turner Broadcasting System Inc.'s cable channels, was appointed to succeed NBC's longtime programmer, Warren Littlefield.

NBC's position remains reasonably secure for the moment, because NBC still possesses a core of television's strongest shows — "ER," "Frasier," "Friends" and "Law and Order."

But NBC is also embroiled in a bitter standoff with the Hollywood studios that supply all those hits. NBC has demanded an ownership stake in all new programs, and the studios have refused. Instead, they have begun what is in effect a boycott of NBC.

For the moment, that means those studios will not be supplying NBC with any of the hits the network needs to pull out of its current slide. NBC must have those hits because for the last three seasons, no compelling new program has been added to NBC's store.

## The Trib Index

Prices as of 4:00 PM New York time

Jan. 1, 1992 = 100

	Level	Change	% change	year-to-date % change
<b>World Index</b>	<b>186.21</b>	<b>- 0.22</b>	<b>- 0.12</b>	<b>+ 8.19</b>
<b>Regional indexes</b>				
Asia/Pacific	88.17	+ 0.02	+ 0.02	- 8.22
Europe	216.70	- 1.29	- 0.59	+ 12.25
N. America	256.29	+ 0.29	+ 0.11	+ 18.66
S. America	90.24	+ 3.06	+ 3.51	- 40.89
<b>Industrial indexes</b>				
Capital goods	250.88	- 1.07	- 0.42	+ 21.45
Consumer goods	233.52	+ 0.11	+ 0.05	+ 11.34
Energy	199.43	+ 1.57	+ 0.79	+ 2.29
Finance	127.05	- 0.30	- 0.24	+ 3.33
Miscellaneous	180.00	+ 0.12	+ 0.07	+ 20.10
Raw Materials	171.09	- 0.13	- 0.08	+ 2.30
Services	196.09	- 1.38	- 0.70	+ 12.49
Utilities	177.35	+ 0.76	+ 0.43	+ 6.28

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

Compiled by Bloomberg News

## Tuesday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press

Stock	Sales	High	Low	Last	Chg
IBM	1,234,567	120.50	119.75	120.00	+0.25
Microsoft	987,654	55.25	54.75	55.00	+0.25
Apple	765,432	45.50	45.00	45.25	+0.25
Oracle	654,321	35.75	35.25	35.50	+0.25
Sun	543,210	25.00	24.50	24.75	+0.25
HP	432,109	15.25	14.75	15.00	+0.25
Intel	321,098	30.00	29.50	29.75	+0.25
Motorola	210,987	20.00	19.50	19.75	+0.25
Texas Instruments	109,876	10.00	9.50	9.75	+0.25
Advanced Micro Devices	98,765	8.00	7.50	7.75	+0.25
Linear Technology	87,654	7.00	6.50	6.75	+0.25
Maxim Integrated	76,543	6.00	5.50	5.75	+0.25
National Semiconductor	65,432	5.00	4.50	4.75	+0.25
Rockwell International	54,321	4.00	3.50	3.75	+0.25
Signetics	43,210	3.00	2.50	2.75	+0.25
Texas Instruments	32,109	2.00	1.50	1.75	+0.25
Western Digital	21,098	1.00	0.50	0.75	+0.25
Yamaha	10,987	0.50	0.25	0.375	+0.125
Yamaha	9,876	0.40	0.20	0.30	+0.10
Yamaha	8,765	0.30	0.15	0.225	+0.075
Yamaha	7,654	0.20	0.10	0.15	+0.05
Yamaha	6,543	0.10	0.05	0.075	+0.025
Yamaha	5,432	0.05	0.025	0.0375	+0.0125
Yamaha	4,321	0.025	0.0125	0.01875	+0.00625
Yamaha	3,210	0.0125	0.00625	0.009375	+0.003125
Yamaha	2,109	0.00625	0.003125	0.0046875	+0.0015625
Yamaha	1,098	0.003125	0.0015625	0.00234375	+0.00078125
Yamaha	987	0.0015625	0.00078125	0.001171875	+0.000390625
Yamaha	876	0.00078125	0.000390625	0.0005859375	+0.0001953125
Yamaha	765	0.000390625	0.0001953125	0.00029296875	+0.00009765625
Yamaha	654	0.0001953125	0.00009765625	0.0001471875	+0.000048828125
Yamaha	543	0.00009765625	0.000048828125	0.00007359375	+0.0000244140625
Yamaha	432	0.000048828125	0.0000244140625	0.000036796875	+0.00001220703125
Yamaha	321	0.0000244140625	0.00001220703125	0.0000183984375	+0.000006103515625
Yamaha	210	0.00001220703125	0.000006103515625	0.00000929921875	+0.0000030517578125
Yamaha	109	0.000006103515625	0.0000030517578125	0.000004649609375	+0.00000152587890625
Yamaha	98	0.0000030517578125	0.00000152587890625	0.0000023248046875	+0.0000007644375000
Yamaha	87	0.00000152587890625	0.0000007644375000	0.0000011674034375	+0.0000003822187500
Yamaha	76	0.0000007644375000	0.0000003822187500	0.00000058355171875	+0.0000001911093750
Yamaha	65	0.0000003822187500	0.0000001911093750	0.00000029266640625	+0.0000000955546875
Yamaha	54	0.0000001911093750	0.0000000955546875	0.0000001470000000	+0.00000004777734375
Yamaha	43	0.0000000955546875	0.00000004777734375	0.0000000367500000	+0.0000000118671875
Yamaha	32	0.00000004777734375	0.000000023888671875	0.0000000183750000	+0.000000005934375
Yamaha	21	0.000000023888671875	0.0000000119443359375	0.0000000091875000	+0.0000000029671875
Yamaha	10	0.0000000119443359375	0.00000000597216796875	0.0000000045937500	+0.00000000148359375
Yamaha	9	0.00000000597216796875	0.000000002986083984375	0.0000000022968750	+0.000000000741796875
Yamaha	8	0.000000002986083984375	0.0000000014930419921875	0.00000000114796875	+0.0000000003708984375
Yamaha	7	0.0000000014930419921875	0.00000000074652099609375	0.000000000573984375	+0.00000000018544921875
Yamaha	6	0.00000000074652099609375	0.000000000373260498046875	0.0000000002869921875	+0.000000000092724609375
Yamaha	5	0.000000000373260498046875	0.0000000001866302490234375	0.00000000014349609375	+0.0000000000463623046875
Yamaha	4	0.0000000001866302490234375	0.00000000009331512451171875	0.000000000071748046875	+0.00000000002318115234375
Yamaha	3	0.00000000009331512451171875	0.000000000046657562255859375	0.0000000000358740234375	+0.000000000011590576171875
Yamaha	2	0.000000000046657562255859375	0.0000000000233287811279296875	0.00000000001793701171875	+0.0000000000057952880859375
Yamaha	1	0.0000000000233287811279296875	0.00000000001166439056396484375	0.000000000008968505859375	+0.00000000000289764404296875

## U. S. STOCK MARKET DIARY

Indexes High Low Last Chg

Dow Jones 7,111.88 7,111.88 7,111.88 -0.07

Standard & Poor's 500 544.25 544.25 544.25 -0.07

Nasdaq Composite 1,659.33 1,659.33 1,659.33 -12.47

AMEX Composite 564.42 564.42 564.42 +0.18



## EUROPE

## Dutch Telecom to Cut Staff by 3,000

Bloomberg News

THE HAGUE — KPN NV, the biggest telephone company in the Netherlands, said Tuesday that it would shed about one-tenth of its work force over the next three years as it focuses more on fast-growing mobile phone and Internet services and less on fixed telephone lines.

The company said it would eliminate a net 3,000 jobs as it cuts 4,000 jobs in its corporate, sales and fixed network services and creates 1,000 positions in its mobile phone and data units. KPN employs about 32,500 people.

The company will also eliminate 1,300 non-staff contractors and employees from outside agencies, about half the total of such positions.

The cutbacks are an effort to streamline the company's opera-

tions and increase its profit. At KPN, as at other former telephone monopolies in Europe, earnings have been eroded by tougher regulations and increased competition.

"The cuts are at the higher end of what was expected," said James Ross, an analyst at ABN-AMRO. "It's part of an efficiency drive. All European telecoms are reducing head count, which is made easier by technology."

He said that although the company would take special charges against its earnings in 1998 and 1999 to pay for the cuts and for investments in new equipment, it would benefit beyond that from its revamp.

KPN said about 500 jobs would be eliminated in construction and maintenance of fixed lines. It will close two-thirds of its 18 directory

assistance sites, eliminating about 250 jobs. About 1,500 installation services jobs, 1,000 corporate office positions and 750 sales-related jobs will also be cut.

KPN is battling a ruling by Dutch phone regulators to cut local rates by one-quarter next year and national rates by up to one-third within three years, which would make the company's phone rates among the lowest in Europe. Price cuts could reduce operating profit by as much as one-third, KPN said.

Since last July, KPN has faced increasing competition from rivals such as Telfort and EerTel. Telfort is a joint venture of the Dutch railway system, Nederlands Spoorwegen, and British Telecommunications PLC. EerTel is owned by WorldPort Communications Inc. of Atlanta.

## Greece Seeks Guiding Investor for Olympic

Compiled by Our Staff From Dispatches

ATHENS — Greece is looking for a strategic investor to take a minority stake in Olympic Airways and possibly manage the troubled state-owned carrier.

Transport Minister Tassos Maniatis told Parliament late Monday that the government had appointed Salomon Smith Barney Inc. to study the placement of 15 to 20 percent of the airline with such an investor.

Greek news media reports cited interest in the plan from Lufthansa German Airlines and British Airways. Olympic Airways is the only airline in southern Europe that has not formed an alliance.

The airlines did not comment on the plan or on the reports. But unions representing workers at Olympic immediately took aim at the proposal, saying it would undermine the government's own plans to revitalize the carrier.

The Athens News Agency quoted OSPA, the main civil aviation labor federation, as saying the government had "dynamited" the revitalization program and was stopping the airline from regaining commercial viability.

Labor unions have long suspected that the government's plans to re-

structure Olympic are an attempt to prepare it for privatization.

Union unrest against the wide-ranging restructuring plan in the first half of 1998 resulted in more than 2,000 cancellations of flights. Losses for the first four months of the year were estimated at around \$10 million.

Under the restructuring, the airline is eliminating salary increases or keeping them to a minimum, slashing overtime, introducing longer working hours for flight crews, eliminating employee perks and reducing seasonal employment. Olympic plans to save about \$1 billion over five years.

Employees have already gone on strike against parts of the plan and have forced the government to make some concessions. (Reuters, AFP)

## Russian Tax Revenue Rises

Bloomberg News

MOSCOW — Russian tax collection rose by 5.67 billion rubles (\$53.1 million) in October from September, the tax service said Tuesday, after the central bank freed payments that had been caught in the paralyzed banking system.

"There has been some element of economic revival because some bank payments were unclogged," said Georgi Boos, head of the service. "We collected in very difficult conditions."

Tax payments were blocked in commercial banks in September after the government defaulted on most of its ruble debt and devalued the currency, pushing Russian banks to the brink of collapse. The banks were the main holders of the defaulted Treasury securities.

The central bank later conducted debt-clearing operations to allow payments to pass to the budget and to other banks.

Even so, corporate and individual tax evasion in Russia remains rife. Mr. Boos said Moscow planned to reduce tax rates to encourage companies to come out of the shadow economy, where barter typically replaces cash payments and often lets companies avoid tax payments.

The government is considering reducing the tax on profits to 30 percent from 35 percent.

## First-Half Profit Falls At Marks &amp; Spencer

Compiled by Our Staff From Dispatches

LONDON — Marks & Spencer PLC said Tuesday its first-half profit fell 23 percent, the first drop in seven years, and warned that earnings would continue to deteriorate as consumer spending slowed in Britain.

The retailing giant earned £348.2 million (\$579.4 million) before taxes in the six months to Sept. 26, down from £452.3 million a year ago. Sales rose to £3.81 billion from £3.74 billion.

In Britain, sales rose 4.4 percent in the first quarter but shrank 0.3 percent in the second.

Marks & Spencer stock fell 8.5 percent, to £11.15, after the results were announced.

The owner of the St. Michael clothing brand, whose consistent earnings growth once gave it shares a premium over other retail stocks, suffered from an industry-wide slowdown as job cuts in Britain's manufacturing sector and talk of a global recession deterred spending.

Marks & Spencer, which has about 80 percent of its sales in Britain, also warned of lower profits overseas. It owns the

Brooks Brothers chain in the United States and also has stores in Europe and the Asia-Pacific region.

Investors had been braced for lower earnings, but Marks & Spencer's performance disappointed even the pessimists.

John Richards, a BT Alex Brown retail analyst, said Marks & Spencer had committed to significant expansion at a time when conditions had deteriorated.

The company said Tuesday it would cut £300 million from the original program of about £2 billion and would scale back investment after 2000. Cutbacks will come mainly in Britain but the group also will slow the pace of growth in Continental Europe and Asia.

Operating profits in Continental Europe fell to £2 million from £12.2 million and business in Asia slumped to a £5.5 million loss from a £6.3 million profit.

Clothing and furniture sales were the hardest hit. "Clothing sales have been disappointing and the downward trend has continued into October," the company said. (Reuters, Bloomberg)

## EXECUTIVES: Dimon's Departure Illustrates Strains

Continued from Page 13

Mr. Weill, who recently acknowledged having failed to scrutinize his firm's ties with the hedge fund Long-Term Capital Management LP, also failed to take account of Salomon Brothers' explosive bond positions when the company acquired Salomon Inc. a year ago.

The recent trading losses, though, only added to what has become an increasingly distant relationship between him and Mr. Dimon. And people close to both men said this rift was not apparent to Mr. Reed when the accord with Travelers was engineered this spring.

There were two main reasons for that rift, people close to both Mr. Dimon and Mr. Weill said.

One was Mr. Dimon's treatment of Jessica Bilibowicz, Mr. Weill's daughter, when a mutual-fund division she managed did not do as well as expected. Although Mr. Dimon and Ms. Bilibowicz had been friends and vacationed together as teenagers, Ms. Bilibowicz left Travelers last year after a series of run-ins with Mr. Dimon.

Another divisive issue was what

some Travelers executives believed to be the 65-year-old Mr. Weill's growing resentment of Mr. Dimon's spot in the limelight and generally stellar reputation on Wall Street.

Meanwhile, Mr. Dimon was beginning to chafe under his mentor. The Salomon acquisition, which Mr. Weill strongly favored but which Mr. Dimon voiced reservations about, was another of the many sources of friction in their increasingly troubled working relationship.

These problems reached a crucial stage with the creation of Citigroup, which aspires to combine consumer businesses such as credit cards, savings accounts and mortgages with corporate businesses such as underwriting and mergers and acquisitions advice. Once the new entity is up and running, the thinking goes, Citigroup will be able to sell all of these products worldwide as Wall Street's answer to Wal-Mart Stores Inc.

While Citigroup has had a relatively easy time putting its consumer businesses together, it has had a far rockier time rearranging its corporate activities. The debate about whether to integrate Travelers' investment banking business

and Citibank's corporate banking line apparently was the final blow in the troubled relationship between Mr. Dimon and his mentor.

Mr. Dimon, colleagues said, expressed concern about the wisdom of hastily combining the two businesses into one operating unit — the path Citigroup chose when it announced the executive shake-up Sunday.

Analysts said when the accord was announced in April that both companies had had buoyant profits in their corporate businesses and could allow them to coexist without damaging that profitability.

Mr. Dimon is leaving Citigroup with a full wallet. He was paid \$23.1 million last year and exercised stock options in 1997 valued at almost \$37 million. He is also likely to garner a number of job offers.

"He is and has been one of the best executives in the financial-services industry," said Gerard Roche, head of the executive search firm Heidrick & Struggles. "Any broad-gauge financial services company — and that includes brokerage and investment and commercial banking and insurance, any credit card company — should be at least looking at him."

## WORLD STOCK MARKETS

Tuesday, Nov. 3

Daily prices in local currencies.

Telecoms

High Low Close Prev.

Amsterdam

AEX index: 1004.00

Prev.: 1003.50

Amst. AEX

37.50 36.10 37.10 36.60

Amst. AEX

175.00 170.00 172.00 170.50

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## Copenhagen

Stock index: 6112.42

Prev.: 6113.38

Copen. AEX

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Copen. AEX

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Copen. AEX

175.00 170.00 172.00 170.50

## Frankfurt

DAX index: 6782.88

Prev.: 6783.84

Frankf. AEX

37.50 36.10 37.10 36.60

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Frankf. AEX

175.00 170.00 172.00 170.50

Frankf.



The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
 The Associated Press.

[illegible][illegible][illegible][illegible][illegible][illegible]

Year	Month	Day	Time	Location	Event	Remarks
1902	1	1	10:00	St. Paul	Arrival	From New York
1902	1	2	10:00	St. Paul	Departure	To New York
1902	1	3	10:00	St. Paul	Arrival	From New York
1902	1	4	10:00	St. Paul	Departure	To New York
1902	1	5	10:00	St. Paul	Arrival	From New York
1902	1	6	10:00	St. Paul	Departure	To New York
1902	1	7	10:00	St. Paul	Arrival	From New York
1902	1	8	10:00	St. Paul	Departure	To New York
1902	1	9	10:00	St. Paul	Arrival	From New York
1902	1	10	10:00	St. Paul	Departure	To New York
1902	1	11	10:00	St. Paul	Arrival	From New York
1902	1	12	10:00	St. Paul	Departure	To New York
1902	1	13	10:00	St. Paul	Arrival	From New York
1902	1	14	10:00	St. Paul	Departure	To New York
1902	1	15	10:00	St. Paul	Arrival	From New York
1902	1	16	10:00	St. Paul	Departure	To New York
1902	1	17	10:00	St. Paul	Arrival	From New York
1902	1	18	10:00	St. Paul	Departure	To New York
1902	1	19	10:00	St. Paul	Arrival	From New York
1902	1	20	10:00	St. Paul	Departure	To New York
1902	1	21	10:00	St. Paul	Arrival	From New York
1902	1	22	10:00	St. Paul	Departure	To New York
1902	1	23	10:00	St. Paul	Arrival	From New York
1902	1	24	10:00	St. Paul	Departure	To New York
1902	1	25	10:00	St. Paul	Arrival	From New York
1902	1	26	10:00	St. Paul	Departure	To New York
1902	1	27	10:00	St. Paul	Arrival	From New York
1902	1	28	10:00	St. Paul	Departure	To New York
1902	1	29	10:00	St. Paul	Arrival	From New York
1902	1	30	10:00	St. Paul	Departure	To New York
1902	2	1	10:00	St. Paul	Arrival	From New York
1902	2	2	10:00	St. Paul	Departure	To New York
1902	2	3	10:00	St. Paul	Arrival	From New York
1902	2	4	10:00	St. Paul	Departure	To New York
1902	2	5	10:00	St. Paul	Arrival	From New York
1902	2	6	10:00	St. Paul	Departure	To New York
1902	2	7	10:00	St. Paul	Arrival	From New York
1902	2	8	10:00	St. Paul	Departure	To New York
1902	2	9	10:00	St. Paul	Arrival	From New York
1902	2	10	10:00	St. Paul	Departure	To New York
1902	2	11	10:00	St. Paul	Arrival	From New York
1902	2	12	10:00	St. Paul	Departure	To New York
1902	2	13	10:00	St. Paul	Arrival	From New York
1902	2	14	10:00	St. Paul	Departure	To New York
1902	2	15	10:00	St. Paul	Arrival	From New York
1902	2	16	10:00	St. Paul	Departure	To New York
1902	2	17	10:00	St. Paul	Arrival	From New York
1902	2	18	10:00	St. Paul	Departure	To New York
1902	2	19	10:00	St. Paul	Arrival	From New York
1902	2	20	10:00	St. Paul	Departure	To New York
1902	2	21	10:00	St. Paul	Arrival	From New York
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1902	2	23	10:00	St. Paul	Arrival	From New York
1902	2	24	10:00	St. Paul	Departure	To New York
1902	2	25	10:00	St. Paul	Arrival	From New York
1902	2	26	10:00	St. Paul	Departure	To New York
1902	2	27	10:00	St. Paul	Arrival	From New York
1902	2	28	10:00	St. Paul	Departure	To New York
1902	2	29	10:00	St. Paul	Arrival	From New York

1774	1775	1776	1777	1778	1779	1780	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827	1828	1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862	1863	1864	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
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## INTERNATIONAL INVESTING

## U.S. Corporate Profits Fell in 3d Quarter for First Time Since 1991 Recession

By George Hager  
Washington Post Service

WASHINGTON — U.S. corporate profits stumbled in the quarter that ended in September, producing the first year-to-year drop since the United States was clawing its way out of recession in 1991.

Economists said companies had been squeezed by higher labor costs at home, financial weakness around the globe and an environment that made it difficult to raise prices. Those and other factors combined to push operating profits for America's largest companies more than 3 percent below the total in last year's third quarter, according to First Call Corp., a Boston firm that tracks analysts' forecasts and company earnings reports.

While the majority of big U.S. businesses remained profitable, and about three-fifths of them beat last year's numbers, overall profitability was dragged down by the two-fifths of companies that fell below last year's results — chiefly financial companies, energy producers, and companies that sell basic materials

such as steel and chemicals. Those that beat last year's numbers included technology companies and retailers, both of which were aided by continuing strong consumer demand at home.

Economists said they were not sure whether the falloff in profits was a temporary blip or the leading edge of something worse — an economic slowdown or perhaps even a recession in the United States.

"Right now, about 40 percent of the world is in economic recession, and the U.S. could get into a recession in 1999," said Sung Won Sohn, senior vice president and chief economist at Norwest Corp. "I think it's going to get worse before it gets better."

Richard Bernstein, chief quantitative strategist for Merrill Lynch & Co., was similarly pessimistic. "The profit cycle continues to decelerate," he said. "The profits recession that we think the United States is in is continuing, and it's lengthening and deepening."

The stock market, on the other hand,

has treated the profit numbers as old, and not particularly worrisome, news. The Dow Jones industrial average surged last month to its highest level since it had peaked in July.

Financial analysts had warned that the third-quarter numbers would be particularly ugly, and the arrival of actual figures not quite as bad as those pro-

jections came as a pleasant surprise.

"It had already had its impact," said Anthony Dwyer, chief market strategist for Ladenburg Thalmann & Co. "You can't debate that the negatives are there; what you can debate is whether it's priced into the marketplace."

**While most companies continued to post earnings growth, financial firms, energy producers and those that sell basic materials such as steel and chemicals pulled down the average.**

The Dow rose 750 points — nearly 10 percent — through October, even as companies disclosed earnings that

would have horrified investors just four or five months ago. First Call measures operating profits according to a benchmark that excludes "unusual" and non-recurring charges such as accounting changes and restructuring costs.

At the beginning of July, the consensus of analysts was that this year's third-quarter profits would beat last

positive surprises," Mr. Bernstein said. "In fact, if investor-relations people have their way, they're going to make the negative surprise extinct in the next several years by just manipulating expectations."

Now, with 421 of the companies in the Standard & Poor's 500-stock index reporting, third-quarter earnings are in fact down 3.2 percent from last year's third quarter, according to First Call's research director, Chuck Hill.

Mr. Hill said he expected the final tally to be about 1 percent to 2 percent below last year when rozier results trickle in from retail companies this month and pull the average up. That would still mark the worst performance since the third quarter of 1991, when the United States was entering the notorious 1990-91 recession.

Mr. Hill said sectors that had already done poorly because of soft commodity prices and weak international markets — oil companies and firms producing basic materials — were joined by two

other big sectors: banks and financial companies, which were bled by the downturn in domestic and world markets. Companies that supply capital equipment to industries already hurt by the slowdown in international markets — farm equipment, heavy construction equipment and drilling services — are also expected to suffer.

A common theme among companies that fell below last year's levels is ongoing weakness abroad, and this cut two ways. Industries that depend heavily on sales in international markets have suffered, but so have industries that sell domestically but compete with companies from abroad. The prime example of that phenomenon is the steel industry, which has been staggered lately by low-price imports from producers in Russia, Japan, Brazil and other countries where domestic demand is way down.

"What they're doing is shipping over steel with no customers," said Sam Siegel, chief financial officer of the steel producer Nucor Corp. "When a customer knows that, they can really deal."

## India Slump Hits Some Basic Industries

Bloomberg News

BOMBAY — Indian steel, cement and auto companies are facing their worst year of the decade as the financial reports of thousands of Indian companies show an economic slump continuing into its third year.

Last week, listed companies finished reporting their earnings for the quarter that ended Sept. 30.

The numbers confirmed worries that an oversupply of metals, autos, textiles and chemicals is continuing, with big companies such as Steel Authority of India Ltd. and Tata Engineering & Locomotive Co. posting losses.

The growth rate of the Indian economy slowed to 5 percent last year from an average of 7 percent in the previous three years.

The only notes of cheer for investors in Indian shares came from producers of computer software, drugs, soap and health foods.

Indian software makers, whose shares have been among the best performers in the world the past two years, continued

their good run as they expanded their business in the United States and Europe to help deal with the so-called year 2000 bug and to help adjust computers for the Jan. 1 introduction of the euro, the European Union's common currency.

"India has always been a story of some well-managed companies," said Ved Prakash, chief investment officer of SBI Funds Management Ltd.

"It's time we sift them from the bad ones; it's time to select the men from the boys."

Shares of companies such as Hindustan Lever Ltd., a personal-care and processed-foods unit of Unilever PLC; Glaxo India Ltd., a medicine-manufacturing unit of Glaxo Wellcome PLC; and ITC Ltd., the biggest Indian cigarette maker and a unit of British American Tobacco PLC, provided fund managers with some respite.

Hindustan Lever's profit shot up 43 percent, and ITC's earnings rose 14 percent.

Hindustan Lever and ITC shares have each gained 23 percent in the last year,

and Glaxo India shares have risen 13 percent even as the Bombay Stock Exchange's benchmark Sensitive Index of 30 top shares lost 13.3 percent.

The biggest gains, though, were software stocks. In the past three years, fund managers who bought into companies such as Infosys Technologies Ltd., Satyam Computers Ltd. and NIIT Ltd. were rewarded more than others.

Many investors, sensitive to the economic slowdown, sold shares of India's leading automaker, Tata Engineering & Locomotive Co., and of the two biggest steel makers — Steel Authority of India and Tata Iron & Steel Co. — in order to invest in the software makers.

Infosys shares have gained 85 percent in the past year, while Satyam shares have surged 300 percent and NIIT shares 103 percent. Meanwhile, shares of Tata Engineering and Tata Steel are close to their lows for the decade.

Infosys said profit for the quarter rose 106 percent, to 284 million rupees (\$6.7 million), while Satyam's profit more than doubled, to 184 million rupees.

## Very briefly:

• Singaporeans will be allowed to use their money held in the Central Provident Fund, the country's mandatory savings plan, to buy bonds sold by government agencies such as the Housing and Development Board, the city-state's public housing developer, the government said. The move was viewed as an attempt to enliven Singapore's bond market.

• India's decision not to sell shares of the state-controlled transportation company Container Corp. overseas shows that the global exodus from emerging markets may keep the government from raising the money it needs to keep its deficit in check, analysts said. The government, which has been delaying the sale of its 77 percent stake in the company since last year and originally planned to sell some shares abroad, announced last weekend that it would sell some of its stake, and only in India.

• Sumitomo Trust & Banking Co., Japan's second-biggest trust bank, will develop a dollar-denominated mutual fund with Chase Manhattan Corp. Dozens of Japanese banks and brokers have formed alliances and joint ventures with foreign-owned financial companies in asset management ahead of the Dec. 1 scrapping of regulations that gave brokers the exclusive right to sell mutual funds.

• Prudential Securities Inc. predicted that small-capitalization stocks, which have lagged in recent months, would benefit from the U.S. Federal Reserve Board's two cuts in the discount rate in recent weeks.

• The Bond Market Association, a trade group, will begin

daily postings on its World Wide Web site of 1,000 municipal-bond transactions tracked by the Municipal Securities Rule-making Board. The data will be available free at [www.investinginbonds.com](http://www.investinginbonds.com).

• Thomas Hertzfeld, an investment adviser in Miami, plans to offer a closed-end Cuba fund that would invest primarily in companies permitted to do business there. If the trade embargo against Cuba is lifted, the fund will also invest directly in Cuban businesses, according to a Securities and Exchange Commission filing.

• Hyundai Electronics Industries Co., LG Electronics Co. and 13 other units of South Korean conglomerates will sell 2.28 million won (\$1.73 billion) of new shares in the next two months, the Korea Stock Exchange said. The amount equals 70 percent of the total new shares to be sold. South Korea's largest industrial groups, known as *chaebol*, have been rushing to sell new shares since the government limited their access to the corporate debt market, raising concern that their earnings could be diluted. Daewoo Heavy Industries Co., a shipbuilder, said they were also considering selling new shares.

• China Aerospace International Holdings Ltd., a government-backed maker of home electronic appliances and molds, liquid-crystal display panels and television sets, will sell 142 million Hong Kong dollars (\$18.3 million) of shares to reduce its debt, said CEF GC Brokerages Ltd., the underwriter for the sale.

Bloomberg, NYT

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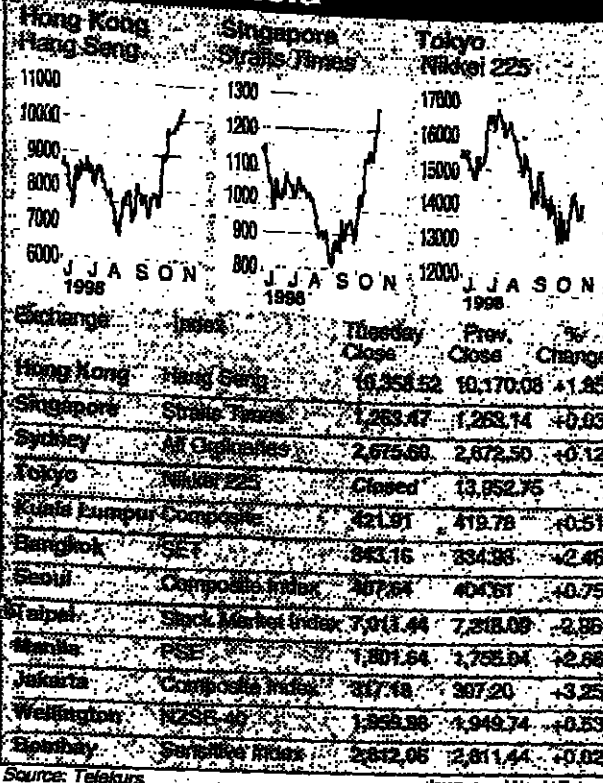
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## ASIA/PACIFIC

## Investor's Asia



## Very briefly:

- Hong Kong signed a customs agreement with the European Union after a visit by Jacques Santer, president of the European Commission. It was the first customs agreement signed by the former British colony since its reversion to China in July 1997, officials said.
- Malaysia's prime minister, Mahatir bin Mohamad, called for the regulation of international credit-rating concerns. At an international conference, "Managing the Asian Financial Crisis," he said credit-rating companies had done "harmful" damage to various countries.
- Malaysia has approved 179 companies, 62 of them foreign, to operate in its Multimedia Super Corridor, the national news agency Bernama said.
- Air India appealed for government aid to help it cope with mounting losses. The company has reported losses of \$67 million for the year that ended in March and a further \$26 million for the next five months.
- South Korea's auto industry slipped from fifth to seventh place in the world rankings of vehicle producers after a 25.5 percent drop in output so far this year.
- China's State Economic and Trade Commission and its local agencies will take over the multibillion-dollar business empire of the People's Liberation Army by mid-December.
- Australian wine exports reached a record 106.8 million Australian dollars (\$66.7 million) in September.

AFP, AP, Reuters, Bloomberg

## Hyundai Electronics Ponders a Split-Up

Compiled by Our Staff From Dispatches

SEOUL — Hyundai Electronics Industries Co. said Tuesday it would split off its non-semiconductor operations in preparation for a planned merger with another semiconductor maker.

"Making Hyundai Electronics into two different companies will end foreign investors' worries that money may flow into businesses they don't want to invest in," said Lee Kwang Seok, a Hyundai spokesman. "We believe the step will make it easier for us to attract foreign investment."

Hyundai Electronics executives said their liquid-crystal-display business could be turned into a joint venture with a foreign partner.

Siemens AG of Germany, meanwhile, has expressed interest in another unit, Hyundai Electronics' \$750 million telecommunications equipment business. Hyundai Electronics executives said the company would want to keep management control if it formed a joint venture with Siemens.

The moves are aimed at facilitating the planned merger of the semiconductor business of Hyundai Electronics Industries with LG Semicon Co. under an industry consolidation drive. Hyundai Electronics Industries and LG Semicon have agreed in principle to form such a venture, with one partner taking a 70 percent stake.

They have not, however, been able to agree who will have the 70 percent holding and have failed to select an international consulting firm as they pledged to do—to make the decision for them.

The slow progress has raised questions about the viability of the deal, which would be a key to the drive by Seoul to consolidate major industries and increase efficiency.

Like scores of other South Korean companies, Hyundai Electronics needs foreign investment to help it reduce its debt as the country struggles through its deepest recession in 45 years. The company's debts are about nine times its equity value.

For Siemens, a stake in Hyundai Electronics would provide a foothold in the world's fifth-largest mobile-telephone

market, one that accounts for about 4 percent of the \$40 billion a year spent on cellular phones worldwide. One in four South Koreans owns a mobile phone, and Hyundai supplies about 18 percent of the handset market.

"Such a move will also give Siemens a production base for Asia's cellular markets," said Jon Chong Wha, an electronics analyst at KEB Securities Co.

The German company has said it is open to new joint ventures to improve its lagging market share in Asia and to help it bring out new generations of mobile phones more quickly.

"We have held many meetings with Hyundai," a Siemens executive said. "We are now trying to draft a proposal for a joint venture, and a decision will be made before Christmas."

Establishing a manufacturing base in South Korea may well be a matter of urgency for Siemens to avoid losing ground to Motorola Inc. of the United States and other cellular-phone giants.

Motorola won an order Monday valued at more than \$100 million to supply digital phones to SK Telecom Co. of South Korea. Last month, Motorola agreed to buy 51 percent of another Korean mobile-phone maker, Appeal Telecom Co., for \$45 million.

South Korean assets have become cheaper amid the Asian financial crisis, as the country's currency, the won, has tumbled against the dollar.

(AFP, Bloomberg)

## Ssangyong Asks for Help

Bloomberg News

SEOUL — Ssangyong Group, a struggling conglomerate that already has sold stakes in its debt-laden auto, securities and paper businesses, asked creditors Tuesday to bail out its two construction companies to avert bankruptcy.

In exchange, the group will sell Ssangyong Oil Refining Co., one of its most profitable businesses, and the cement-making facilities of Ssangyong Cement Industrial Co. as well as other assets by the first half of next year in order to raise 2.88 trillion won (\$2.2 billion), said Chang Chang Joon, a Ssangyong Group spokesman.

The two construction companies — Ssangyong Engineering & Construction Co. and Namkwang Engineering & Construction Co. — have a combined 1.65 trillion won of debt, a major creditor, Cho Hung Bank, said.

The decision underscores how dire the situation at Ssangyong, once South Korea's sixth-largest industrial group, has become. Years of reckless expansion, fueled by cheap loans, have left it and several other chaebol, or South Korean conglomerates, mired in debt they can no longer afford.

Confronted with a shrinking economy and higher interest rates, these groups are now preparing to swap entire companies at the behest of the government.

## Indonesian Companies Huddle With Creditors

Reuters

JAKARTA — Indebted Indonesian companies and their creditors held private talks Tuesday at the end of a two-day conference aimed at advancing the long process of restructuring \$80 billion in Indonesian private-sector debt.

Government and World Bank officials who had sponsored the conference said they were delighted by the turnout. More than 1,200 delegates attended, with a third of them representing indebted companies and another third represent-

ing domestic and foreign creditors. But they said the companies and creditors remained far apart despite the closed-door session for the two sides at the end of the conference.

A government plan to encourage out-of-court private-sector debt deals, the Jakarta Initiative, was formally introduced at the conference. But Gerald Meyerman, head of the World Bank's corporate restructuring and governance group, said the first deal under the program was not likely before early 1999.

## Banks Said to Face LTCB Debt Burden

Compiled by Our Staff From Dispatches

TOKYO — Tokyo will ask major banks and other financial institutions to take over some of the risky loans held by the newly nationalized Long-Term Credit Bank of Japan Ltd., the daily Nihon Keizai Shimbun reported Tuesday.

The report suggests that Japanese banks could be forced to shoulder more risky loans than expected under the industry bailout plan that Parliament enacted last month. The law left unclear the extent of the "category two" loans, one step below "healthy" loans, that the government would accept.

The government will ask the financial institutions to take over 3.3 trillion yen (\$28.57 billion) in LTCB loans for which they were a principal bank, the report said. LTCB, the 10th-largest Japanese lender, has 24 trillion yen in assets and a total of 4.32 trillion yen in bad or nonperforming loans.

The bank has 19.5 trillion yen in healthy loans, according to the Financial Supervisory Agency.

Tokyo will also provide 2 trillion yen to LTCB, Nihon Keizai Shimbun said, the central bank's second injection since LTCB was placed under state control.

In taking over the bank, Tokyo guaranteed all of its deposits, debentures and other obligations. But LTCB has faced heavy withdrawals of deposits, forcing the central bank to provide it with further funding, the daily said.

The central bank loaned 3 trillion yen to LTCB after the government decided to take over the ailing bank Oct. 25. If it gives LTCB another 2 trillion yen, the bank will have received nearly a third of the 18 trillion yen set aside for takeovers in the bailout plan.

Japan has budgeted 60 trillion yen to aid banks — more than triple the \$150 billion the United States spent to fix its savings-and-loan crisis in the 1980s. In addition to the 18 trillion yen for takeovers, the plan calls for 25 trillion yen to increase banks' capital and 17 trillion yen to protect depositors.

(Bloomberg, AFP)

## Nomura to Shut Offices

Nomura Securities Co. will close 20 of its 134 domestic branches within a year due to its huge first-half loss, the Yomiuri Shimbun reported Tuesday. Agence France-Press said.



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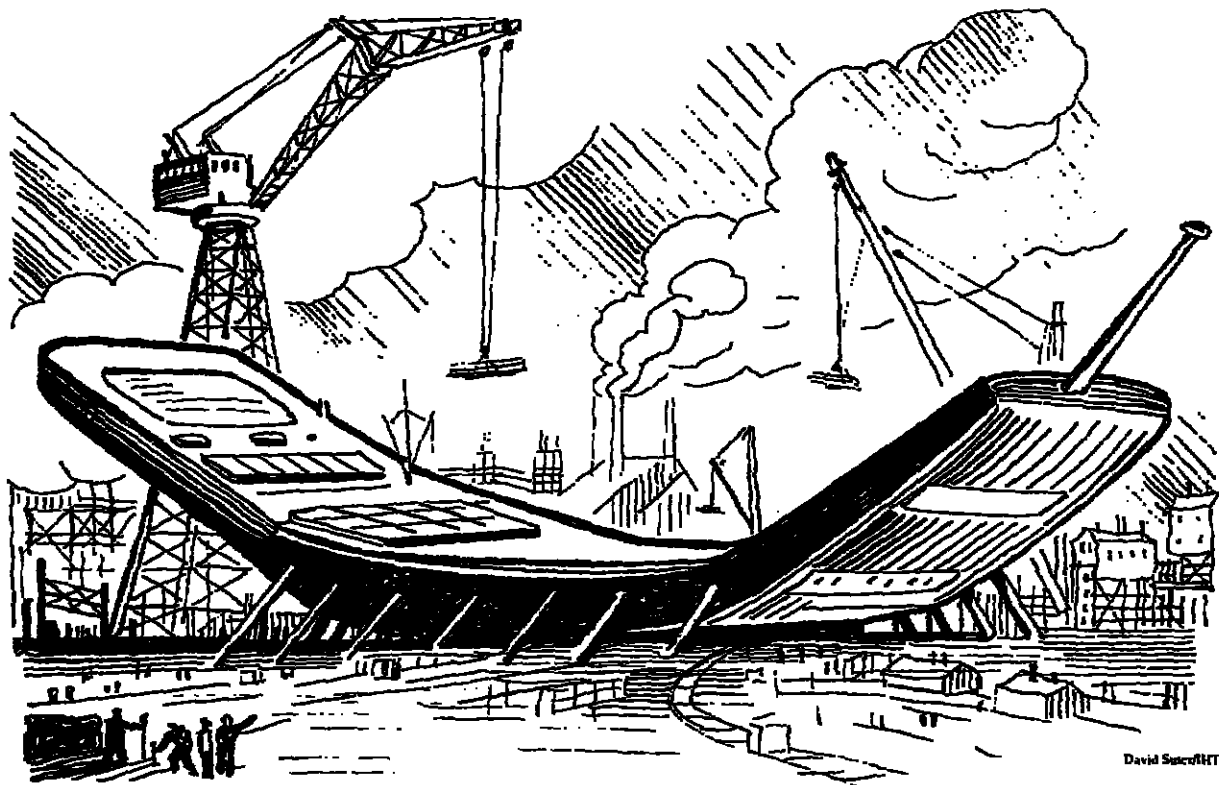
November 3, 1998  
<http://www.ift.com/funds>

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# Telecommunications

## A Cornucopia: The Data Revolution Transforms Markets



David Sackoff

By Sharon Reier

**P**ARIS — This was supposed to have been the year of despair for the world's giant telecommunications companies. As the European Union liberalized the telephone market and the United States opened the local market to long-distance players, and vice versa, the incumbents were supposed to have suffered at the hands of lean, entrepreneurial challengers.

Well, the challengers have arrived. MCI WorldCom, Qwest, Esprit, RSL, Colt and others are pushing down prices. But it turns out that the telecoms feast has grown big enough for everyone.

While growth in traditional voice telephony is relatively low and vulnerable to competitive pressures, the explosion in portable phones and, most importantly, in Internet and data transmission is producing new services, new growth patterns and new pressures no one could have foreseen.

the phones sold that year will have multimedia capabilities.

Then there is e-mail. In the United States, there are 47 million adults online who, by the end of the year, will be sending 500 million e-mails per day, according to Forrester Research, a Massachusetts-based Internet consultancy. By 2002, said a Forrester senior analyst, Kate Delhagen, "there will be 1.5 billion e-mails per day in the United States, or an average of 12 per person."

And Europeans, albeit more slowly, are starting to sign on, too. Forrester predicts that Europe will have 53.2 million adults on the Net by 2001. In Germany, Deutsche Telekom's T-Online already boasts 2.5 million subscribers, the largest group in Europe.

In France, France Telecom predicts that it will have at least 400,000 Internet subscribers by the end of this year. Cegedel, its main rival in the consumer market, will have 300,000.

"E-mail volumes tend to increase geometrically," said Ms. Delhagen, since "a person can send or forward e-mail to many people with a simple key-stroke."

And e-mail is a lot cheaper than the alternatives. For some services in the United States, an e-mail is free. In Germany, an e-mail costs the lowest local

call rate, or just pennies. That competes with much higher average fax prices and over 60 cents for a letter.

But this also means added pressure on telecom operators to send data through fiber optic cables and to use new transmission technology, such as Internet Protocol. Since Internet Protocol data transmission can deliver voice, text and video, it is ideal for the kind of advanced technological applications that major corporations are requiring, like video conferencing.

"This market is growing at a speed that nobody foresaw," said Pat Chapman-Pincher, senior vice president, international, for UUNET Technologies, the world's largest carrier of Internet traffic, and a subsidiary of MCI WorldCom. The company's ambitions are to provide one-stop global communications shopping to multinational clients.

"Ten years ago," recalled Ms. Chapman-Pincher, "networks were 90 percent voice and 10 percent data. Now we are seeing the [data] network traffic doubling every three months. In some areas, there has been a complete flip to 80 percent data and 20 percent voice."

Keith Mallinson, managing director of the Yankee Group, Europe, a tele-

Continued on Page 22

## In France, a Tilt at Microsoft

### Academic Accuses U.S. Firm of Stifling Competition

By Barry James

**B**RUSSELS — While Microsoft has been holding its front line against the U.S. Department of Justice, it has also been taking flanking fire from a prominent French academic, who accuses it of abusing a monopoly position to impose mediocre products in Europe and stifle competition.

Robert Di Cosmo, a researcher and teacher at the prestigious Ecole Normale Supérieure that trains France's university lecturers, warned that Microsoft's practices threaten to plunge the world into "an obscure technological Middle Ages, dominated by a few feudal lords who seize control of writing and any other means of communication to collect a tax every time we breathe."

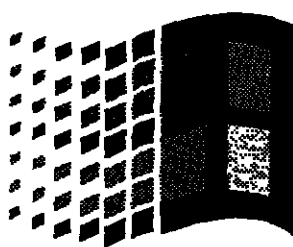
The attack prompted a long counter-blast last

month from the director of Microsoft France, Marc Chardon, who accused Mr. Di Cosmo of doing little more than "relaying unfounded rumors circulating on the Internet."

Mr. Di Cosmo, co-author of a recent book called "Le Hold-up Planétaire," and an Internet-published fulmination entitled "Piege dans le Cyberspace" — "Cybersnare" in English translation — criticized both Microsoft's technology and its commercial strategy. He said the pre-installation of Microsoft's Windows operating system on new computers amounted to a tax on computing. He also said it was a breach of French consumer law, which states that it is illegal to tie the sale of one product to the purchase of another, and of articles 85 and 86 of the European Union's founding Treaty of Rome.

"This tax is in no way virtual," he said. "Enor-

Continued on Page 22



*This technology is distributed in Europe at exorbitant prices.*

## In China, Conflicting Signals

### Foreigners Struggle to Interpret How to Do Business

By Ted Plaffer

**B**EIJING — For the world's largest telecommunications companies, the only firm truth about China is that they need to be here. A huge and rapidly expanding market in its own right, China is also a key battleground in the global struggle between competing technical standards for the wireless networks of the future.

Beyond that certainty, however, everything else about the Chinese market is open to interpretation. Are foreign firms allowed to invest in Chinese networks or participate in telecoms service ventures? That depends on whom you ask.

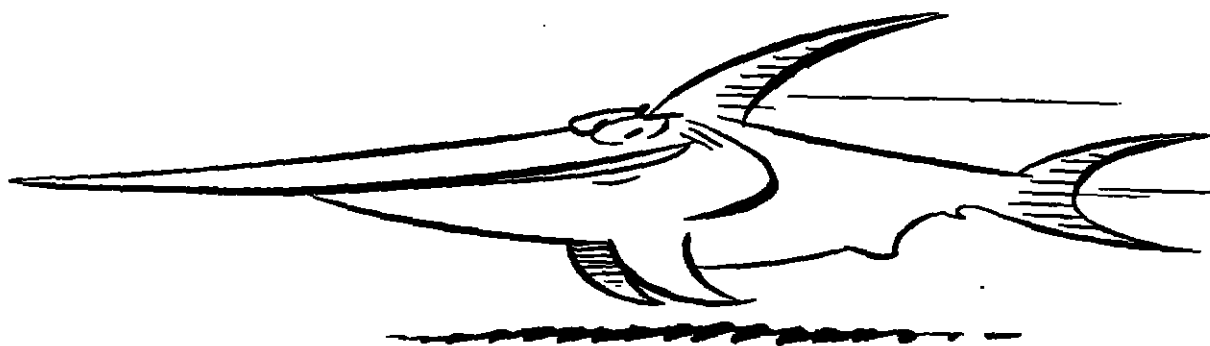
Will domestic competitors really be allowed to challenge the near-monopoly of China Telecom? Government regulators say yes, but they also happen to run China Telecom, and seem to have done more to

block competition than to foster it. And will China's People's Liberation Army get out of the telecoms business now that the military has been ordered to drop its commercial sideline activities? That order was publicly issued in July by Jiang Zemin, president of China and commander in chief of the armed forces, but little has been done so far to implement it.

Adding to the confusion, China undertook a bureaucratic overhaul this year, eliminating some ministries and merging others. The former Ministry of Post and Telecommunications has expanded by absorbing the ministry that managed the computer industry and parts of the broadcasting bureaucracy. It is now called the Ministry of Information Industry.

"All this leaves a lot of foreign companies feeling unsure how to deal here," said Denis Simon, director of China strategy for Andersen Consulting.

Continued on Page 22



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TELECOMMUNICATIONS / A SPECIAL REPORT

# Equipment Makers Race to Get Right Products

## With Explosion in Data Networking, Companies Readjust Strategies to Meet New Demands

By Tom Buerkle

**L**ONDON — Ever since the introduction of the World Wide Web began triggering explosive growth of Internet use earlier this decade, technology gurus have been predicting a convergence between conventional voice telephony and the rapidly evolving market for transmitting data.

Today, the world's leading telecommunications equipment makers are signaling their belief that convergence is at hand. Recent weeks have seen a scramble among these companies to acquire and develop the technologies to send voice, data and video around the world in the 21st century.

In October, Alcatel SA paid \$315 million to acquire Packet Engines Inc., a privately held U.S. company that makes gigabit Ethernet switches for handling corporate Internet traffic. The move came just a few weeks after Alcatel said its stock price plummeted 38 percent in one day by announcing that a drop in orders for conventional telephone switches from its core European customers would cause profits to fall short of analysts' estimates.

Alcatel's move followed on the heels of an announcement by Sweden's Ericsson AB that it was buying Advanced Computer Communications, a U.S. maker of remote access equipment that processes incoming Internet calls.

"We're getting into a market that is completely different. The Internet is coming into

almost every aspect of daily life," Sven-Christer Nilsson, chief executive at Ericsson, said recently. "We're adjusting our strategies and organization to meet that."

The European moves have imitated the aggressive acquisition and development strategies of their big North American rivals. Northern Telecom Ltd. and Lucent Technologies Inc., which themselves are trying to catch up with data equipment leaders like Cisco Systems Inc., 3Com Corp. and Ascend Communications Inc. More deals are expected, and promised, by Ericsson and Alcatel, but many analysts and industry executives caution that potential targets are getting scarce and that only a handful of companies may emerge as big convergence winners.

"They're trying to get the right products, but there are only a few people with the technology," said Stephen Koffler at Donaldson, Lufkin & Jenrette.

To understand the excitement about data networking, you only have to look at the numbers. Lucent has spent more than \$2 billion to acquire nine data-networking equipment companies in the past two years. Analysts estimate the business generates \$1 billion a year in revenues. More importantly, those sales are growing at a rate of about 55 percent a year, compared with revenue growth of 10 percent to 15 percent for the company's conventional circuit switches. "It is starting to become a noticeable part of our business," said Carl Pavarini, vice president for operations at Lucent's data-networking systems division.

Northern Telecom, which bought Bay Networks Inc. for \$6.7 billion in August, last week reported that sales in its data-networking division that includes Bay jumped by one-third in the third quarter.

John W. Sidmore, vice chairman and chief operating officer of MCI WorldCom Inc., which owns the largest Internet services company, UUNET Technologies Inc., said data traffic was on track to swamp voice. Demand for bandwidth from customers, a good measure of Internet traffic volume, is growing at an astounding rate of 10 times per year, or 1,000 percent, he said.

Mr. Sidmore predicted that data, mostly Internet-related, will account for 99 percent of all telecommunications traffic within a few years. The future, he said, lies in telecoms networks based on the Internet Protocol, the technology standard for Internet traffic, combined with asynchronous transfer mode switches, or ATM.

Supporting that view, a recent survey of 100 major European companies by the Yankee Group Europe found that 85 percent of respondents planned to standardize their data transmissions on IP-based systems within three years, and one-third planned to shift a significant portion of their voice communications from the public telephone network to their IP-based intranets within five years.

"End user corporations are trying to focus on IP as a standard protocol," said Chris Lewis, an analyst at Yankee Group. The shift should save money and management time, and allow compa-

nies to focus more on the telecom applications they use than on the underlying technology that delivers the services.

Nonetheless, there are still a number of hurdles to leap before IP systems can compete with conventional circuit switches to serve as the backbone for the public telephone network. The quality and reliability of IP-based equipment for voice remains far short of circuit switches, and IP systems do not yet offer a full menu of features.

"It's one thing to announce you're going off on this path," said Mr. Pavarini. "It's another thing to build a usable network. There are only a limited number of people who are going to be able to get there quickly."

Assuming that technological solutions will be found, IP equipment vendors are likely to face a hard sell from established telecommunications carriers, which may be unwilling or unable to write off their enormous investments in older technologies. "Carriers are very risk averse," said Maribel Lopez of Forrester Research Group in Boston. "They're not really interested in sacrificing quality. What they have now works."

Nevertheless, Mr. Pavarini predicted that carrier-grade IP-based networks would become a reality in three to five years, and that increasing competition from upstart telecom companies would force their adoption. "Cannibalize your business before somebody else does," he said.

TOM BUEKLE is on the staff of the International Herald Tribune.

# Limits Urged To 'Mining' of Private Data

By Brian Knowlton

**W**ASHINGTON — There is gold these days in data — millions, even billions of dollars to be made by "mining" electronic information sources about what people buy, where they travel and what they read or eat or smoke, and then selling it to advertisers and businesses.

Companies have sprung up with the mission of sniffing out, compiling, repackaging and selling sometimes highly personal data on consumers. Increasingly, privacy advocates want limits on the often free-wheeling merchandising of such data.

The U.S. government favors self-restraint by the companies involved. But to expect serious restraint when there is so much money to be made, said one privacy advocate, is like hoping "to roll a lamb chop past a wolf."

It will take more than polite requests to slow the flow of such data, said Evan Hendricks, publisher and editor of Privacy Times, a Washington-based newsletter.

However, the European Union is trying to put some curbs in place. A European Union directive that took effect Oct. 25 lays out guidelines to protect the privacy of individuals in the 15 EU countries. It not only restricts the ways personal data can be used and moved within the EU — and provides consumers with ways to inspect and correct it — but would block its flow to other countries without similar protections.

The directive has brought sharp protests from some big U.S.-based companies that do business in Europe, notably accountancies, consultancies, travel businesses and insurers, big companies with long histories that are heavily dependent on moving information. If they are prevented from moving data, they have warned, a trade war could result.

"If strictly applied," said Robert Vastine, president of the Coalition of Service Industries, "the European directive could have disastrous results, halting data flows in a global economy that increasingly depends on them." His organization represents such major companies as American Express, IBM, Bank of America and Price Waterhouse.

The EU, while not suspending its directive, has agreed to continue negotiations with the U.S. Commerce Department through year's end in hopes of avoiding any such stoppages.

BRIAN KNOWLTON is on the staff of the International Herald Tribune.

# Higher Fees to Access the Internet Rankle Asians

By Thomas Fuller

**K**UALA LUMPUR — The Internet, it has been said, will bring the world closer together. But in Asia these days the global network has spawned pockets of resentment that threaten to stir the waters across the Pacific Ocean.

At the center of the dispute are the fees that Asian companies pay to access the Internet — costs that are not shared with their U.S. counterparts who also use the trans-Pacific lines. Industry experts also fear the possibility that cash-rich U.S. companies will take advantage of Asia's economic crisis to buy struggling Internet service providers in the region, further strengthening America's position as the predominant Internet power in the world.

As it stands today, Asia could hardly be more dependent on the United States for its Internet needs. Because of the lack of intra-regional links, an e-mail message sent from one Asian country to another is very likely to transit through the United States — even when the beginning and ending points are just a few hundred kilometers apart. A message from Bangkok to Manila, for instance, is almost sure to travel

across the Pacific and back, traveling 30,000 kilometers instead of 3,000.

The reason is simple: historically, Asian countries have communicated much more with the United States than they have among themselves. Intra-Asian Internet communication is estimated at just 20 to 30 percent of total traffic in Asia.

Regarding price, Asia's dependence on the United States seems to make sense. The United States has the most competitive telecommunications market in the world, Geoff Huston, a technical manager at Australia's Telstra Corp., said. "The price of leasing a circuit across to the U.S. is in general either the same or lower than leasing a line that starts and ends in an Asian location."

And prices to the United States could fall over the next few years with the emergence of new technology that better utilizes the existing capacity of undersea cables and the laying of new cable.

Barry Raveendran Greene, a consulting engineer at Cisco Systems Inc. in Singapore, counts at least nine new undersea cables being installed over the next two years. Despite the prospect of lower charges for trans-Pacific access, today many of Asia's Internet service providers, or ISPs, are strapped for cash.

"Most Asian ISPs are suffering," said Izumi Aizu, head of Asia Network Research Sdn. Bhd. and secretary-general of the Asia & Pacific Internet Association.

This is especially true in countries where currencies have been devalued. Asian Internet users pay the ISPs in local currency but the costs of Internet access are in dollars, squeezing profit margins.

"The biggest operational expense for an ISP in Asia is the international link to the U.S. That's the thing that sinks the money," Mr. Greene said. A link can cost from \$70,000 to \$1 million a month depending on the size.

It is these fees that are at the center of the trans-Pacific dispute. Even though traffic flows both ways on these links to the United States, Asians pay for them.

This, too, is for historical reasons. As appetite for Internet services spread worldwide over the past few years, companies outside the United States, in order to tap into the network, were forced to pay for their links to the Internet.

"This makes accessing the Internet outside America comparatively expensive," said Yoshio Utsumi, a deputy minister at Japan's Ministry of Posts and Telecommunications in a recent issue of Telecom Tribune, a trade magazine. "But

considering the enormous impact of the Internet as a global information network, this inequality seems likely to become increasingly resented."


Mr. Utsumi's comments are particularly significant because last month he was elected secretary-general of the Geneva-based International Telecommunications Union, making it likely that the issue will be brought out into the open.

The current system is unfair for two main reasons, say those in the industry who favor a change in the way Asians pay for access: traffic flows both ways on these links benefiting American users by giving them access to Asian Internet users. Laina Raveendran Greene, managing director of GenIT Pte. Ltd. in Singapore, estimates that 30 percent of traffic on cables connecting Singapore with North America is outbound from the United States. With the emergence of Internet-based telephone systems, Mrs. Greene says outbound traffic from the United States could easily climb to half of the total traffic.

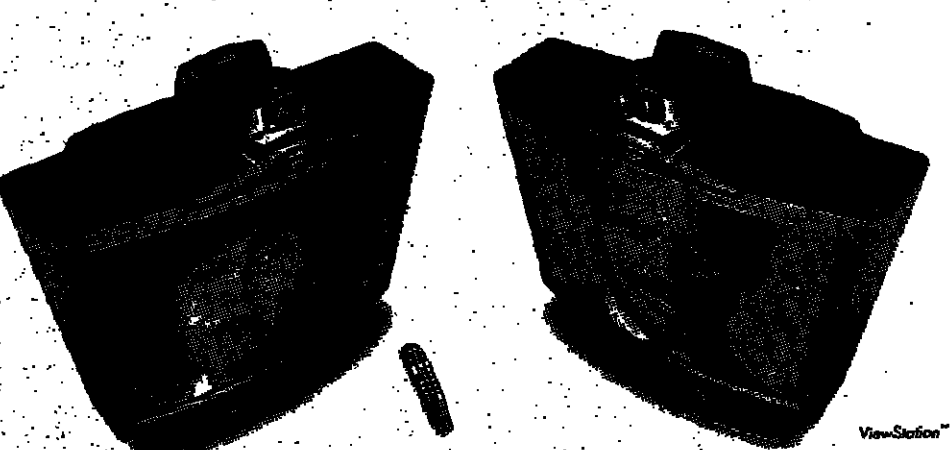
Second, U.S. companies that sell products on the Net — software companies, for example — are profiting from the business Asian Internet users provide, but are not paying for it.

THOMAS FULLER is on the staff of the International Herald Tribune.

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## TELECOMMUNICATIONS / A SPECIAL REPORT

Battle Heats Up  
On Mobile Phones

By Aline Sullivan

**N**EW YORK — The wave of economic misery washing over Asia and lapping the shores of many other emerging markets has done surprisingly little to dampen the expectations of mobile phone makers. Indeed, sales in most markets remain robust, at least for the big players.

Look at China. Every 50th person in the country already has a mobile phone — on par with the proportion that is hooked up to a phone line. And the big Western manufacturers expect nothing less than stellar growth in the country, despite its recent bout of economic uncertainty.

Nokia Oy, the world's number one mobile phone maker since it ousted Motorola Inc. from the top spot last month, expects sales in China to top 10 billion Finnish markka (\$2 billion) this year, up from six billion a year ago. Nokia has 20 percent of the cellular market in China.

Ericsson AB, which ranks as the world's third biggest maker of mobile phones and controls 30 percent of the Chinese market, predicted last week that its sales in the country would jump at least 25 percent next year to about 25 billion Swedish kronor (\$3.19 billion).

On the other side of the world, Brazil offers a similar case in point. BCP Telecomunicacoes, a new phone consortium led by BellSouth Corp., signed up 600,000 clients in Sao Paulo in its first five months. Roberto Peon, president of BCP Telecomunicacoes, said last week that he expects to register up to 10,000 new clients a day.

Emerging markets are the engines driving the fantastic long-term expectations of the mobile phone makers. Certainly, the potential is huge. In many developing countries, the majority of people have yet to make their first phone call. Meeting this demand with cellular and satellite technology makes far more sense than building telephone lines in the vast spaces of Asia, Africa and Latin America.

But the developed markets are far from saturated. In Western Europe, there should be one cellular subscription for every two people by 2007, predicted a recent report on the European cellular industry by the Strategis Group. That is 244 million subscribers spending about \$100 billion a year. Worldwide, more than 300 million people now own mobile phones, a figure that is widely expected by industry analysts to triple over the next seven years.

That pie won't be shared equally, however. Nokia, Motorola and Ericsson together control about two-thirds of the mobile phone market. Motorola's slice may soon increase if its huge gamble on Iridium LLC, a revolutionary satellite telecommunications system, proves successful. The \$5 billion venture, which will provide the first worldwide wireless telephone service, was developed by Motorola 11 years ago. The company has built Iridium's satellites and is acting as the principal contractor for the system's construction. Along with Kyocera Corp., it is also providing specially manufactured handsets and pagers.

As the big three battle it out for global market dominance, smaller rivals, such as Siemens AG, Alcatel SA and Royal Philips Electronics NV, stand little chance of catching up.

Ironically, that is because the industry as a whole has enjoyed great success. Mobile phones are increasingly regarded as an affordable consumer product, rather than a luxury good.

Companies are feeding this demand with a constant supply of new phones and price cuts of between 20 and 30 percent a year. That makes the market difficult to compete in for small, mid-sized and even some big companies. Indeed, analysts reckon that companies need to control at least five percent of the market to generate the cost efficiencies necessary to compete effectively outside niche markets. Only the companies with the muscle to manufacture big numbers of small, inexpensive phones are the big winners in this business.

In this environment, there is little room for maneuver. Siemens, which plunged into the red this year after betting on its top-of-the-line phones when consumers were snapping up other brands for half the price, currently controls just four percent of the global market. But the company is trying to fight back by restructuring, at a cost of 1 billion Deutsche marks (\$597 million), and by a push into new products.

Philips and Alcatel are staying the course, at least for now. Both companies are restructuring their mobile phone businesses, streamlining products and considering partners in an effort to return to the black. However, some analysts question whether they will succeed. Lucent Technologies Inc. and Hyundai Electronics Industries Co. are more pessimistic about their chances of slugging it out with the big mobile phone makers.

**ALINE SULLIVAN** is a freelance journalist based in Westport, Connecticut.



Billboards of movie stars advertising mobile phones in Beijing. Foreign investors are battling to secure a stake in China's huge telecoms market.

Conflicting Signals  
From China Market

Continued from Page 20

At the center of this cloudy and complex picture is Wu Jichuan, the former minister of Post and Telecommunications who has taken over as chief of the Ministry of Information Industry. A technocrat who trained as a telecoms engineer and spent his whole career in the industry, Mr. Wu has presided over what has probably been the most rapid growth in telecoms infrastructure anywhere in the world.

Chinese networks have expanded 40 percent annually over the past three years. In the first eight months of this year, China Telecom added 18.51 million subscribers, including 6.84 million new mobile phone users.

Altogether, its mobile phone users now exceed 20 million. But, says Mr. Simon, Chinese demand is even greater. "It seems strange to look at this kind of phenomenal growth and say, 'It's not enough,' but if they allowed foreigners in to help supply service, they could be growing twice as fast," he said.

In addition to keeping foreign competitors at bay, Mr. Wu has managed to maintain the upper hand against numerous domestic rivals. He has won the struggle for control of the new ministry, and he has protected China Telecom from its only two serious competitors. That is not such a difficult feat, perhaps, since his ministry owns half of one and regulates both.

One is Great Wall Mobile Communications Co., a 50-50 joint venture founded three years ago between an army company and the old Ministry of Post and Telecommunications. Its purpose was to exploit commercially a portion of the radio spectrum that had long been allocated to the military and is suitable for use by CDMA wireless networks. CDMA, or code division multiple access, is a new mobile phone technology.

The U.S. and South Korean firms that sell CDMA say it is technologically superior to the GSM systems. GSM, or global system for mobile communications, was developed in Europe and dominates much of the rest of the world.

According to Qualcomm, a U.S. firm that pioneered CDMA, the world now faces a crucial decision about whether to reconcile the two technologies in the standards of future wireless networks.

"China could tip the table as to which direction we go, toward convergence or not convergence," said Joseph Lawrence, director of International Marketing for Qualcomm.

But Mr. Wu's ministry has invested little in Great Wall, and has delayed the necessary approval for its testing of trial local networks in four Chinese cities. Now that the army has been ordered out of business and back to barracks, the future of Great Wall as China's standard bearer of CDMA is even murkier.

"The military needs to run a substantial internal communication system, so they still have to be in the game somehow," said Mr. Simon. "But they might be phased out because of political pressure, and that will be ironic because one of the big ideas had been to increase competition."

That was precisely the idea behind China Unicom, now the most robust rival of China Telecom. Its creation four years ago as an authorized second carrier was widely taken as proof of China's commitment to competition. Unicom has also been the main vehicle for foreign firms to get around rules barring them from holding equity in Chinese networks.

Unicom signed dozens of convoluted deals that gave foreign firms access while keeping them at a technical remove. Nearly \$1.5 billion in foreign investment has so far flowed to Unicom through that loophole.

But it will apparently be plugged soon. The Ministry of Information Industry and other government agencies have let it be known by way of private comments and unofficial draft documents that the Unicom model will no longer be tolerated.

Industry sources say Mr. Wu and his ministry justify the move as necessary to keeping a vital piece of national infrastructure under China's own control. But the ministry's obvious interest in suppressing Unicom leads to a widespread perception of a conflict.

"They talk about fostering competition, but every time someone thrives, they try to buy it out, or muscle into it or take it over. Unicom never enjoyed the budget or regulatory environment it needed to thrive," said Duncan Clark, Beijing-based telecoms analyst for BDA China.

According to Jay Hu, managing director in Beijing of the United States Information Technology Office, top Chinese leaders have taken longer than they should have, but now realize the importance of telecoms for overall economic efficiency.

They have a genuine desire to open up, and a road map for doing it, Mr. Hu said.

**TED PLAFKER** is Beijing correspondent for The Economist.

French Academic  
Assails Microsoft

Continued from Page 20

mous amounts of money leave the European Union every year in exchange for low quality products that make us more and more dependent on poor technology from overseas. Furthermore, this technology is distributed in Europe at exorbitant prices, much higher than those charged in America or Canada."

He backed up his allegation of poor quality with an examination of the way that Windows handles files by fragmenting them across the hard disk instead of storing them in logical order as on competing systems such as Unix. This, he said, made the Windows system slow and unreliable.

Why, he asked, is "a computer much more powerful than the one that helped send men safely to the moon and back not capable of properly handling a document of a few hundred pages when it is running Microsoft Office?"

Mr. Di Cosmo said the European Union could create an alternative system by supporting the development of so-called open platforms such as NextStep or GNU/Linux.

**A** SPOKESMAN for the European Commission, the EU's executive body, said that the Union could and did support research projects involving more than one country, but it had received no applications for funding a new operating system. The spokesman said that neither the commission nor member governments could support a marketing exercise for an already existing product such as Linux without the risk of being hauled before the World Trade Organization.

The commission itself uses Microsoft operating systems and programs, which it said were chosen after an open public tender.

As to the question of Microsoft's being in breach of the Treaty of Rome, officials said the commission's anti-competition department has kept a watching brief on the question but had in effect left the investigation of the company's business practices to the U.S. Department of Justice.

In an open letter to customers and partners, Mr. Chardon of Microsoft denied that the company was operating a monopoly through the pre-installation of its software on the vast bulk of new PCs. He said manufacturers installed Windows in most cases so that they could offer an integrated product ready to use. He added that customers could buy competing systems such as Linux, Sun Solaris, Unix, IBM OS/2 Warp and Rhapsody, a version of the Macintosh operating system adapted to PCs.

To which Mr. Di Cosmo replied that any computer user installing a competing system would have a hard time obtaining a refund for the Microsoft system he did not need.

Mr. Di Cosmo attacked Microsoft's

policy of giving away its software free to European schools, which he said was aimed at stifling competition and creating a generation of future buyers for its products. He cited a Microsoft agreement to supply software to the Swiss education system and train educators.

"For less than the cost of an advertising campaign, our monopolist has gained total control of computer education in Swiss schools, and thus, of Swiss companies, for by the time the students reach the job market, they will know nothing but Microsoft Office."

Looking into the future, he said, "this is not a good deal for Switzerland, but at least they have not paid for Microsoft software."

Mr. Chardon replied that Microsoft was not the only company to aid education, and said it was a good thing because it helped a country like France make up for a shortage of computer skills. The commission spokesman commented that schools had to use the software that was already available rather than waiting for something better to come along later. He said that experience with other products, such as VCRs, had demonstrated that the first product on the market was not necessarily the best but it can gain a dominant position by establishing a standard for the entire market, as Microsoft has succeeded in doing with its Windows operating system.

Mr. Di Cosmo alleged that Microsoft was engaged on a quest to dominate the information superhighway by seeking "the total control of any form of transmission and processing of information, be it in education, banking, the new and old media, or right down to the privacy of our own personal correspondence. A player capable of securing a monopoly in handling this information will be in a position to tax any computer operation."

**H** E said the company built in incompatibilities with other software, and even older versions of its own programs, to oblige computer users to keep paying out for new products. "If by chance one has bought an add-on product for version 5.0 (of Word), say a Spanish dictionary, it will have to be bought again for the new version," he said. "The old one will now be 'incompatible,' even though Spanish has not changed a great deal in the meantime. This is, in fact, a kidnapping of your information."

Mr. Chardon said the allegation that Microsoft sought to control all information was in the realm of science fiction. "The Internet is the most open and democratic system that exists," he said. "Taking control of it is totally impossible, and even less for a single company."

**BARRY JAMES** is on the staff of the International Herald Tribune.

The Data Revolution  
Is Transforming Markets

Continued from Page 20

communications consultancy, said, "The data thing is growing enormously in percentage terms. In certain quarters it is as big as voice. The proportion of data traffic across the Atlantic already exceeds voice. Within a decade data will overtake voice transmission. We believe this is inevitable."

Even in balky markets like France, demand for data transmission has raced forward. France Telecom reported that data transmission nearly tripled in the first six months of this year, with most of the increase due to Internet-related business. While the company makes little money on the actual data transmission, said Axel Haentjens, director for strategic marketing for the data division, it does make it on consulting on, and building, corporate networks.

Fortune 500 companies demand data transmission services that link up all their international locations with data, voice and video. Smaller outfits also depend on data networks to do international business. But the vast Internet is not sufficiently fast or reliable for many customers. So companies are pouring billions of dollars into upgrading their systems or building new ones to ensure that they are reliable data carriers. By one estimate there will be \$240 billion spent on telephone equip-

ment by the end of this year. That is good news for manufacturers of telecom equipment.

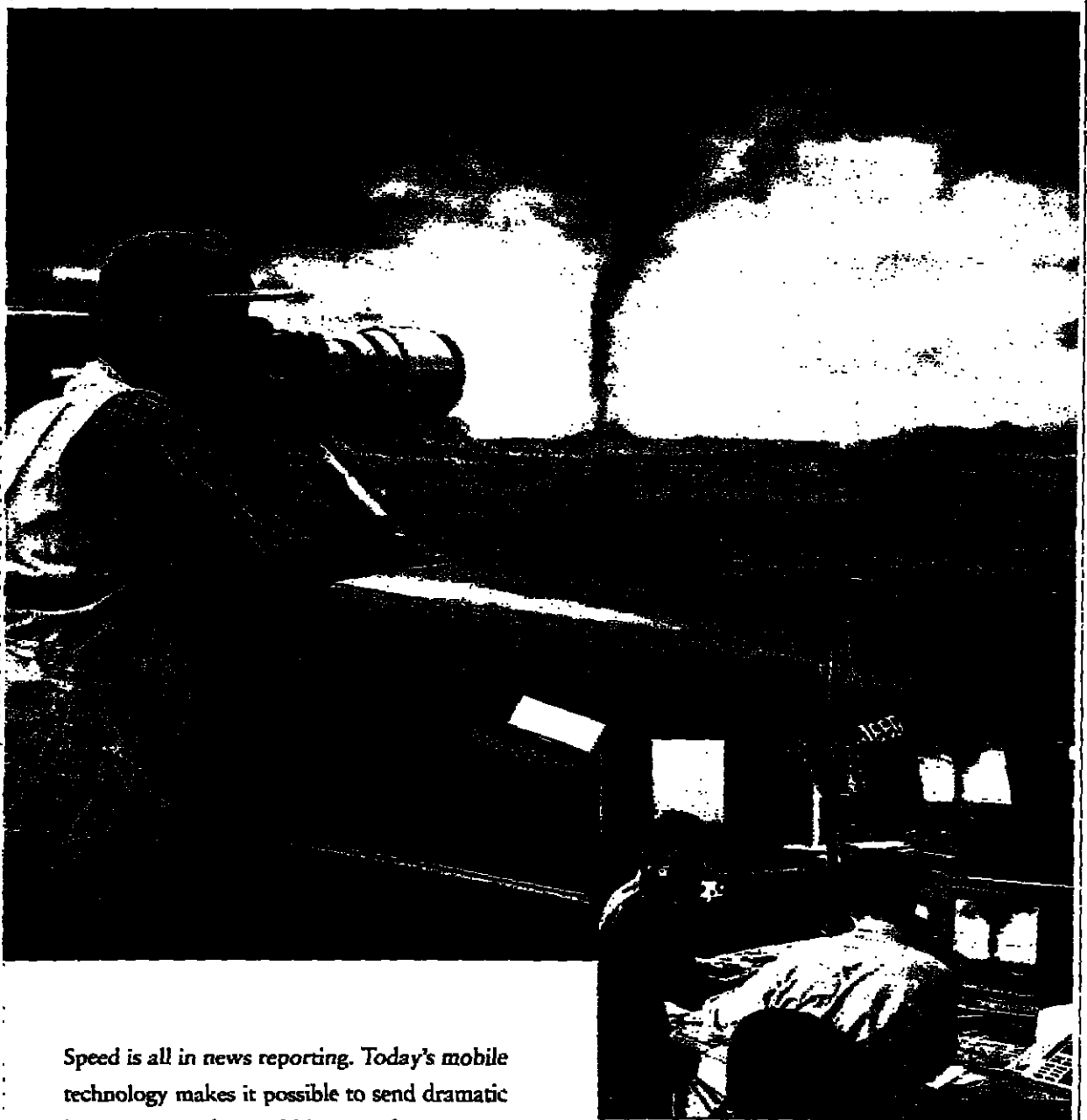
It is less so for the telecoms. Werner Knecht, head of the global telecommunications practice for the consulting firm Arthur D. Little, said: "We are looking at a world where the price of transmitting data will go down and voice may become a commodity that would be piggybacked on data."

"In this environment," he added, "it is difficult to predict an economic model for the telecommunications world of tomorrow. But for a long time there will be a demand pull on capacity. The ultimate challenge will be the efficiency of the data transmission, the efficiency of operations and the introduction of service innovation."

That is why telecom companies have recently introduced services to help merchants engage in electronic commerce. Forrester Research believes this business will be worth hundreds of billions of dollars by 2002. If it happens, telecoms could get a percentage of sales.

In any event, as Jean-Jacques Damblanc, director of strategy for France Telecom, said, "It is better to be with the innovators than standing in the castle waiting to be surrounded."

**SHARON REIER** is a freelance journalist based in Paris.



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**WORLD ROUNDUP**



Vince Spadea hitting a backhand to Cedric Pioline on Tuesday.

**Spadea Stops Pioline**

**TENNIS** Vincent Spadea of the United States upset Cedric Pioline, the French No. 1, 6-4, 6-4, Tuesday at the Paris Indoor Open.

Pioline fired nine aces to Spadea's two, but never looked comfortable on his serve and never showed the form that has taken him to No. 17 in the world. (AP)

Stefi Graf beat Ruxandra Dragomir, 6-3, 6-3, Tuesday in the Leipzig indoor tournament. It was Graf's first singles match after a two-month break following surgery on her right wrist. (Reuters)

**Tyson May Fight Botha**

**BOXING** Mike Tyson will make his comeback against Francois Botha of South Africa in Las Vegas on Jan. 16, according to reports Tuesday in newspapers in London and New York.

In Britain, the Independent said the fight would be at the MGM Grand in Las Vegas.

In New York, the Daily News said the fight was "a done deal." It said Tyson had received a large advance to help with his cash problems.

It would be Tyson's first fight since his license was restored last month by the Nevada State Athletic Commission. (AP)

**Belgrade Match Is On**

**SOCCER** Ireland will play its European 2000 qualifying match with Yugoslavia in Belgrade Nov. 18, the Football Association of Ireland said Tuesday. The game, originally scheduled for Oct. 10, was postponed because of tension over Kosovo. (Reuters)

**Beck Stays With Cubs**

**BASEBALL** Relief pitcher Rod Beck, who could have declined his \$5.5 million salary for 1999 and become a free agent, instead added at least one more year to his contract with the Chicago Cubs. Beck saved 51 games this season. He will earn \$3.5 million in 2000. The Cubs have an option to keep him in 2001.

Don Denkinger, whose call at first base helped turn the 1985 World Series between Kansas City and St. Louis, is retiring as a major league umpire. Denkinger, 62, said an ailing right knee had forced him to stop umpiring. (AP)

**Across a Continent, Soccer's Elite Face a Stormy Night**

**International Herald Tribune**  
**COUNTY CORK, Ireland** — Europe may be the honey pot of world soccer, but it carries a sting for the players — and their followers — as they travel to its far corners.

I write this in the Republic of Ireland, close to the place where Roy Keane, the feisty captain of Manchester United grew up. It is as far west as Europe reaches. Keane has returned from a fearful knee injury. But, to put that adversity in perspective, a local widow is mourning the loss at sea of her 25-year-old fisherman son. Patrick Courcy was believed swept overboard in almost the same spot where his father drowned eight years ago.

So when Keane leads United in the multimillion dollar UEFA Champions League on Wednesday, spare a moment to consider the spin of fortune that makes one mother's son rich and famous and takes another's in the cruel sea.

The waves are rough and people's homes have been invaded by the angry tide. Yet on Wednesday they will swab out their living rooms, turn away from the tragedy of seven lives lost at sea in 48 hours, and switch on the "live" broadcast from Manchester where United plays Brondby. Since United scored six goals in each of two games it has played against the Danes this season, those viewers who prefer something a little more competitive have only to flick that switch to tune into Dynamo Kiev versus Arsenal.

There it will be cold. The Ukraine — and Russia where Moscow Spartak entertains Inter Milan in a crucial match — are as far east as this all pervasive tournament is played. Yet its appeal reaches even further east, just weeks ago I sweltered in a crowded Kuala Lumpur bar where the attraction of Europe's prize tournament exerted a compelling hold on the audience.

For 90 minutes, the sport shrinks the globe, pulls us together. And though we see on those same screens the appalling human cost of the Nicaraguan hurricane, for that hour and a half we center on the swirl of players whose careers hinge on performance.

Kiev, for example, is at the heart of a freshly independent nation. Dynamo Kiev is the core of the Ukrainian national team that leads a Euro 2000 qualifying group containing Russia and France.

Valeri Lobanovsky, the old fox, trains Dynamo in a patient, utterly modern in its blend of athleticism, tactical flexibility, highly concentrated teamwork.

Two weeks ago, in front of 73,000 Londoners, Kiev outplayed Arsenal at

**L'antage Point/Ros Hughes**

Wembley Stadium. The score was 1-1, but that was a travesty. Andrei Shevchenko, arguably the finest center forward in Europe, had a perfectly executed goal erroneously ruled offside. With speed and power, with virile movement here, there and everywhere, he was the attacking hub of a team which passed the ball with stealth and imagination beyond Arsenal's ken.

Now, in Kiev's spartan, spacious bowl, Dynamo should hold the advantage. Shevchenko has the complete center-forward's armory, but he has a blind spot. He seldom sees colleagues, even his strike partner Sergei Rebrov, seldom passes when they have run enthusiastically into better scoring positions.

Yet a host of moneyed clubs would pay whatever it takes to lure Shevchenko from the east. AC Milan, it is said, has agreed to buy him for \$30 million in January. Arsenal would like to buy him, Manchester United made a bid.

The Ukraine is a ferociously partisan place. Those who leave Dynamo for Western money are forgiven. But there is a third category, epitomized by Andrei Kanchelskis — who has squandered fortunes at Manchester United, Fiorentina and Glasgow Rangers. He opted to play for Russia, the enemy, when the Soviet

Union dissolved.

Lobanovsky, a math professor and a Kiev player in his day, has a paternal hold on his "boys." Oleg Blokhin, one of the first wave of Lobanovsky's Dynamo apprentices, stayed in Kiev and is now a contrite member of the Ukrainian Parliament. Oleg Kuznetsov, another star of that team, is a banker in Kiev. And while Lobanovsky himself becomes as rounded as the vodka bottle he cannot always resist, his latest pupils have other reasons not to fly the nest.

"I have the impression no bachelors are left in Kiev except me," Shevchenko was quoted on a Ukrainian Web site as saying. He's not sure whether it's the goals, the money, or the status symbol Mercedes that attracts the girls.

**T**HE men, over 80,000 of them who will crowd into the Olympic Stadium on Wednesday, are drawn to Kiev's soccer talents. Dynamo must win or effectively go out of the Champions League. Arsenal arrives wary and weary. Dennis Bergkamp, who scored its goal in London with a flying header, has a phobia about air travel, and Kiev by land and sea is a journey too far.

Without Bergkamp, without the sturdy defense of Tony Adams and the swift Marc Overmars, both injured, Arsenal is at Kiev's mercy. Adams, in-

deed, was one of three Arsenal players who came to southern Ireland hoping the spa waters from the sea might soothe his back strain. It failed.

Meanwhile, Inter visits Moscow. If it fails, its coach, Luigi Simoni, will very likely be dismissed. Inter has a phenomenal array of forwards — Yuri Djorkaeff of France; Ronaldo of Brazil; Ivan Zamorano of Chile; Nwankwo Kanu of Nigeria; and Roberto Baggio and Nicola Ventola, the old and the young of Italy.

But the attack isn't playing well enough to overcome defensive faults. The recurring ailments of Baggio and Ronaldo deny Massimo Moratti, the oil baron who bankrolls Inter, the pleasure of seeing them together. Inter has lost three successive Italian league games.

Simoni, a nice man who had a long journey through lower division clubs, must win where Real Madrid failed in Moscow if he is to keep his job.

"I have made mistakes, more than anybody," he said. "But others must assume their responsibilities. President Moratti must make his decision with calmness."

Calm, from the unforgiving waves of the Atlantic ocean to the blinding Siberian wind, is not always at human command.

Rob Hughes is chief sportswriter of The Times of London.

**Bordeaux and Parma Advance to 3d Round**

**French Club Defeats Vitesse Arnhem, 2-1**

**The Associated Press**  
**BORDEAUX** — Bordeaux defeated Vitesse Arnhem, 2-1, on Tuesday, to qualify for the third round of the UEFA Cup with a 3-1 aggregate victory.

Although the French team won the first match, 1-0, in the Netherlands, its victory was in doubt until the 64th minute when Silvain Wiltord, who scored in the first leg, made it 2-1 on the night.

Michel Pavon, who recovered from a knee injury to captain the French team,

**The UEFA Cup**

hit an 18-meter right-foot shot that the Arnhem goalkeeper, Kostas Chaniotakis, could not hold, and Wiltord was perfectly placed to fire in from close range.

Arnhem had tied the aggregate score in the eighth minute when Louis Laros crossed from the left and Arco Jochemsen, left unmarked by the home defense, planted a firm header past Ulrich Rame.

But within two minutes, Bordeaux made it 1-1 when the midfielder Johan Micoud beat a defender and curled in a fine left-footed shot from the edge of the penalty area.

In driving rain, both teams had opportunities to score again. Seconds before halftime, Bordeaux's Lilian Laslandes fired a left-footed drive that was brilliantly tipped over by Chaniotakis. Then, 10 minutes into the second half, Arnhem's Greek striker Nikos Machlas volleyed past Rame from just inside the penalty area.

The linesman called offside, but TV replays later showed that Machlas was at least a yard outside. Bordeaux's Ali Benarbia was sent off in injury time

after receiving two yellow cards.

**Parma 2, Wisla Krakow 1** In Parma, Italy, Parma moved into the third round on a 3-2 aggregate score following a 2-1 home victory against Wisla Krakow.

The victory at Tardini stadium added to a 1-1 draw in the second round, first-leg of the European soccer competition.

The Italian midfielder Stefano Fiore scored the opening goal in the 21st minute with a powerful drive from the penalty-area edge.

An own-goal by Bogdan Zajac made it 2-0 in the 46th minute. The Polish defender diverted a volley by Parma's French midfielder, Alain Boghossian, into his net. Zajac avenged the mistake in part by scoring his team's only goal in injury time, in the 93rd minute.

The Italian team, showing winning form and determination following Saturday's 2-0 upset of the Italian league leader, Fiorentina, pressed on the attack for most of the game and left a few chances to the opponents only in the last 20 minutes of play.

**Top Clubs Want Bulk of Cash**

Europe's top clubs on Tuesday demanded half the revenue generated by the revamped Champions League as a reward for shunning a rival Super League. The Associated Press reported from Geneva, UEFA, the governing body of European soccer, expects the competition to bring in \$400 million to \$600 million. At a meeting in Geneva, the biggest clubs said 50 percent of that revenue should be split between them. They said the remaining 50 percent should be awarded under the current system of match and performance fees. Smaller clubs would therefore be guaranteed almost no income.



Jezabeel, left, leading Champagne, second from left, and Persian Punch, bottom, across the finish line.

**Jezabeel Triumphs in Melbourne Cup**

*(Compiled by The Staff from Presses)*

**MELBOURNE** — Jezabeel, a New Zealand-bred mare, retook the lead in the closing stretch Tuesday to gain a narrow victory in the Melbourne Cup.

Champagne, another New Zealand-bred mare, powered past Jezabeel about 200 meters from the winning post. But Jezabeel, ridden by Chris Munce, fought back to win by a neck.

The five-year-old Jezabeel was heavily backed for the 3,200-meter (2-mile) handicap event by almost 100,000 bettors, and the horse's odds closed in from 14-1 on Monday to 6-1 at post time.

The three places behind Champagne

were filled by British horses. Persian Punch was third, closely followed by Taufan's Melody and Yorkshire.

Seven of the entries were not from Australia or New Zealand, prompting complaints from local trainers that superior Australian horses had been unfairly left out of the race which has a purse of 2.8 million Australian dollars (\$1.7 million).

Faithful Son, the early pre-post favorite who eased from 5-1 to 13-2, was the first runner in the Melbourne Cup from Sheikh Mohammed bin Rashid al Maktoum's Goldsmith stable in England. Apparently, no detail was overlooked to prepare Faithful Son. The

stable's personal farrier, Jim Bayes, was flown in by private jet over the weekend to inspect the horse's hooves.

But fears expressed by the jockey Frankie Dettori that the horse might not stay the distance were borne out as Faithful Son faded to seventh after being in the firing line in the home stretch.

Australian bettors spent about 150 million dollars on the race through betting agencies and bookmakers. Millions more were bet in office pools. The host state of Victoria has a public holiday for the race, always held on the first Tuesday in November.

(AP, AFP, Reuters)

**Colorado Notches First Road Victory**

**The Associated Press**  
**GREENSBORO, North Carolina** — Peter Forsberg scored his first goal of the season and finished with three points as the Colorado Avalanche won their first road game of the season, 3-2, over the Carolina Hurricanes.

The Avalanche have won three of their last six and have split their first two games of a six-game, 11-day road trip — the club's longest in eight years.

"The boys have been under lots of pressure lately," the team's rookie coach, Bob Hartley, said. "We can feel that we're building momentum, and all we need is a couple of good games together to really get back on track."

Asked if he was included in those feeling pressure, Hartley, who took over for Marc Crawford in June, nodded affirmatively.

Crawford won the Stanley Cup with Colorado in 1996 — and three straight Pacific Division titles — prior to Hartley's being named head coach.

"We're a team, we're a family and we all feel pressure," Hartley said. "This business is all about pressure. You have to learn to deal with it on a daily basis."

Forsberg got his first goal of the season on Monday night after taking 32 shots on net in nine games without scoring. He beat Arturs Irbe with 8:54 left in the third period. He also assisted on Colorado's first goal and on the eventual game-winner by Rene Corbet with 4:04 left.

"It was not an average guy having a great night, it was a great player taking an advantage of some opportunities," the Carolina coach, Paul Maurice, said of Forsberg, who has scored at least 25 goals in each of the last three seasons.

Irbe was the NHL player of the month in October with an 0.76 goals-against average. But it didn't take Colorado



Florida's goalie, Sean Burke, blocking the Islanders' Claude Lapointe.

long to rattle the hottest goalie in the league, as Claude Lemieux blasted a shot between Irbe's legs at 1:19 of the first. Carolina had gone six straight games without allowing a first-period goal before Lemieux's tally, the 302d of his career.

"Colorado played against us like a desperate team," Irbe said. Referring to Forsberg, he added, "Unfortunately I had to be the first one to let him get out of his slump."

Kevin Dineen scored his first goal of the season three minutes after Lemieux's goal to tie the score. Nelson Emerson scored his second goal of the year with 2:32 left in the third period to pull Carolina within one.

**Islanders 6, Panthers 2** Robert Reichel had two goals and two assists to lift host New York over Florida.

Bryan Smolinski added two goals, and both Trevor Linden and Claude Lapointe had a goal and assist.

At 6-5, New York cracked the .500 barrier for the first time since Nov. 19, 1997. The victory also gave the Islanders a share of first place in the Eastern Conference with Philadelphia and Ottawa.

**Oilers 5, Canucks 3** In Edmonton, Josef Beranek scored twice and assisted on Bill Guerin's league-leading ninth goal of the season as the Oilers pushed Vancouver out of first place in the Northwest Division.

**SCOREBOARD**

**ICE HOCKEY**

**NHL Standings**

EASTERN CONFERENCE						F
ATLANTIC DIVISION						N
	W	L	T	Pts	GF	GA
N.Y. Islanders	6	5	0	12	26	24
Philadelphia	5	4	2	12	27	22
New Jersey	5	4	0	10	17	19
Pittsburgh	4	3	2	10	24	26
N.Y. Rangers	4	3	3	9	16	23
NORTHWEST DIVISION						Buffalo
Ottawa	6	3	0	12	30	22
Toronto	5	4	1	11	30	31
Buffalo	4	3	2	10	24	19
Boston	4	5	2	10	25	19
Montreal	3	5	2	8	21	29
SOUTHWEST DIVISION						Jacksonville
Calgary	4	4	3	11	23	31
Tampa Bay	4	4	1	9	26	34
Florida	3	4	3	9	22	30
Washington	3	4	3	9	16	22
WESTERN DIVISION						Pittsburgh
Edmonton	4	4	4	10	28	25
Vancouver	5	5	1	11	32	27
St. Louis	4	3	3	10	23	21
Chicago	4	5	1	9	22	32
Nashville	3	5	2	9	22	26
CENTRAL DIVISION						Tennessee
Dallas	6	1	1	12	25	16
Phoenix	5	2	1	11	24	14
Los Angeles	4	5	1	10	31	24
Anaheim	3	3	3	9	21	19
San Jose	1	6	2	2	4	27

**FOOTBALL**

**NFL STANDINGS**

AMERICAN CONFERENCE						
W	L	T	Pct.	PF		
Pittsburgh	5	2	0	.833	188	
Baltimore	5	2	0	.833	128	
N.Y. Jets	5	2	0	.833	191	
Indianapolis	5	3	0	.625	186	
San Diego	1	7	0	.125	128	
NATIONAL CONFERENCE						
Jacksonville	6	2	0	.750	209	
San Francisco	5	3	0	.625	181	
Tennessee	4	4	0	.500	185	
Raiders	4	4	0	.500	179	
Cincinnati	2	6	0	.250	153	
WEST						
Denver	8	0	0	1.000	273	
Carolina	6	2	0	.750	246	
Kansas City	4	4	0	.500	148	
Seattle	4	4	0	.500	172	
San Diego	3	5	0	.375	123	
NATIONAL FOOTBALL LEAGUE						
Atlanta	5	3	0	.625	208	
Atlanta	4	4	0	.500	125	
N.Y. Giants	3	5	0	.375	162	
Philadelphia	1	7	0	.125	79	
Washington	1	7	0	.125	114	

**CRICKET**

**WESTERN AUSTRALIA VS. ENGLAND**

FOUR-DAY MATCH, LAST DAY

WESTERN AUSTRALIA: 234-4 dec. and 268-3 dec.

England: 321 and 192-4

Match ended in a draw.

**GOLF**

**WORLD RANKINGS**

1. Tiger Woods, U.S., 11,996 points
2. Mark O'Meara, U.S., 10,154
3. David Duval, U.S., 9,954
4. Fred Couples, U.S., 9,893
5. Ernie Els, South Africa, 9,811
6. Colin Montgomerie, Britain, 9,371
7. Nick Price, Zimbabwe, 8,939
8. Vijay Singh, Fiji, 8,339
9. Lee Westwood, Britain, 8,336

**TRANSITIONS**

**BASEBALL**

**MAJOR LEAGUE BASEBALL**

**ATLANTA** — Named Don Baylor hitting coach and Glenn Hoffman hitting coach and Glenn Hoffman hitting coach. Moved Ned Yost from bullpen coach to 3d base coach. Bobby Brown from 3d base coach to bullpen coach, and Pat Corbin from 1st base coach to bench coach.

**CHICAGO** — Agreed to terms with RHP Rod Beck on 2-year contract.

**LOS ANGELES** — Named Mike Soloski manager of Albuquerque, PCL.

**N.Y. METS** — Named John Gibbons manager of Hartford, IL.

**FOOTBALL**

**NATIONAL FOOTBALL LEAGUE**

**CLEVELAND** — Named Lou Holtz assistant director of football operations. PHILADELPHIA — Signed CB Bobby Taylor to 4-year contract extension and DE Greg Jefferson to 4-year contract extension.

**ST. LOUIS** — Signed a 3-year contract extension with RB Derrick Dandridge.

**SEATTLE** — Signed RB-PK Ronnie Harmon.

**BASEBALL**

**NATIONAL HALL-OF-FAME LEAGUE**

**CALIFORNIA** — Recalled D Sam Heston from Chicago, IHL.

**CHICAGO** — Re-assigned RW Ty Jones to Spokane, WHL, and D Alvin Stenlund to Portland, AHL. Assigned F Ed Ojczyk to Chicago, IHL.

**FLORIDA** — Assigned F Dwayne Hays to John Haven of the AHL.

**LOS ANGELES** — Recalled C Olin Johnston from Springfield, AHL. Put C Jozsef Stumpel on injured reserve list, retroactive to Oct. 19.

**NASHVILLE** — Acquired C Cliff Hooten and D Michael Limer from Phoenix for future considerations.

**NEW JERSEY** — Signed D Scott Niedermayer to multiyear contract.

**N.Y. RANGERS** — Put RW Alen Kozlov on 7-day injured reserve. Recalled LW Vladimir Vorobiev from Hartford, AHL.

**PITTSBURGH** — Recalled D Bryan Helger and LW Lucie Delisle from Las Vegas, IHL.

**PITTSBURGH** — Assigned D Tom O'Connor to Syracuse, AHL.

**ST. LOUIS** — Recalled C Josh Holden and G Mike Valley from Syracuse, AHL. Put LW Brad May on injured reserve.

**SOCCER**

**WFLA RANKINGS**

1. Lindsay Davenport, U.S., 8,077 points
2. Martina Hingis, Switzerland, 5,201
3. Jana Novotna, Czech Republic, 4,360
4. Amelie Maheo, France, 3,700
5. Venus Williams, U.S., 3,263
6. Martina Navratilova, U.S., 3,110
7. Mary Pierce, France, 2,743
8. Caroline Moron, Spain, 2,364
9. Nathalie Tauziat, France, 1,242
10. Patty Schnyder, Switzerland, 2,155
11. Anna Kournikova, Russia, 1,918
12. Sandrine Testud, France, 1,879
13. Dominique Van Rost, Belgium, 1,679
14. Nina Pietrangeli, Romania, 1,565
15. Amanda Coetzer, South Africa, 1,475
16. Nathalie Pietrangeli, Romania, 1,263

**TRANSITIONS**

**BASEBALL**

**MAJOR LEAGUE BASEBALL**

**ATLANTA** — Named Don Baylor hitting coach and Glenn Hoffman hitting coach







## OBSERVER

## Winnie the Amateur

By Russell Baker

NEW YORK — It's just after Halloween, so let us salute Winnie Judd, drunk murderer. She died the other day in Phoenix, age 93. The Times obituary laid her out in grand style, with a full account of her 15 minutes of grisly fame back in long-ago 1931.

Arriving in Los Angeles by train from Phoenix, she had two trunks unloaded, one of which, an observant porter told the law, seemed to be bleeding.

Examination disclosed one trunk packed with the complete body of a 32-year-old woman; the other, with the body of a 24-year-old woman "neatly cut into three pieces."

You can tell this was back in the Stone Age. Americans not only traveled by train, they also carried heavy luggage. Nowadays she would ship everything by UPS.

The details of the trial are humdrum. Winnie, as the tabloids called her, claimed self-defense; the prosecution called it a cold-blooded act of murderous jealousy.

Convicted, she was sentenced to be hanged, then excused from the gallows on grounds of insanity. After seven escapes from mental institutions, she was set free in 1971.

Crime has declined since Judd's day. The murders that fascinated the tabloids, and much of the nation, in the 1930s and '40s had a more amateurish, homespun quality than we are now accustomed to.

Murder nowadays is an industrial production as savage as a corporate downsizing.

Killers for international drug cartels wipe out entire families — men, women, children — on orders from above.

Organized mobs use professional hit men who dispose of the results of their skills by having them ground up in industrial machinery and used for highway paving.

Modern murders rarely rate more than two days in the news before being shrugged off. We are stuffed by a steady diet of murder on both news and entertainment.

Compared with our industrial-style murderers, killers of the Prohibition and Depression years were mom-and-pop operators. The small-scale human messes they made kept the public fascinated.

One of the juicier was the Hall-Mills case of the 1920s. The dead were a society clergyman and a lady of the choir. The trial featured a female farmer whose work among barnyard animals led the tabloids to christen her "the pig woman." The papers kept the story alive for years, but no one was ever convicted.

Despite Prohibition violence, industrial-scale murder was so rare that the entire country was shocked in 1929 when Al Capone's thugs killed seven of "Bugs" Moran's men in a Chicago garage.

It was considered such a prodigiously monstrous act that it became famous across the country as "the St. Valentine's Day Massacre." Seven wouldn't be a very impressive score for today's drug-industry killers.

Winnie Judd's attempt to pull off a double murder seems ridiculously amateurish today. Americans have no patience with amateurs anymore.

New York Times Service

## How the Ugly Battle Over Rothko Altered Lives

By Judith H. Dobrynski  
New York Times Service

NEW YORK — When the Whitney Museum of American Art entertained a crowd of 200 collectors and friends a few days before the official opening of its Mark Rothko retrospective in September, Kate Rothko, the artist's daughter, was one of the speakers. Trying to avoid controversy, she only alluded to the convoluted battle over her father's estate, a long-ago case of underhanded greed that based the inner workings of the supposedly genteel art world.

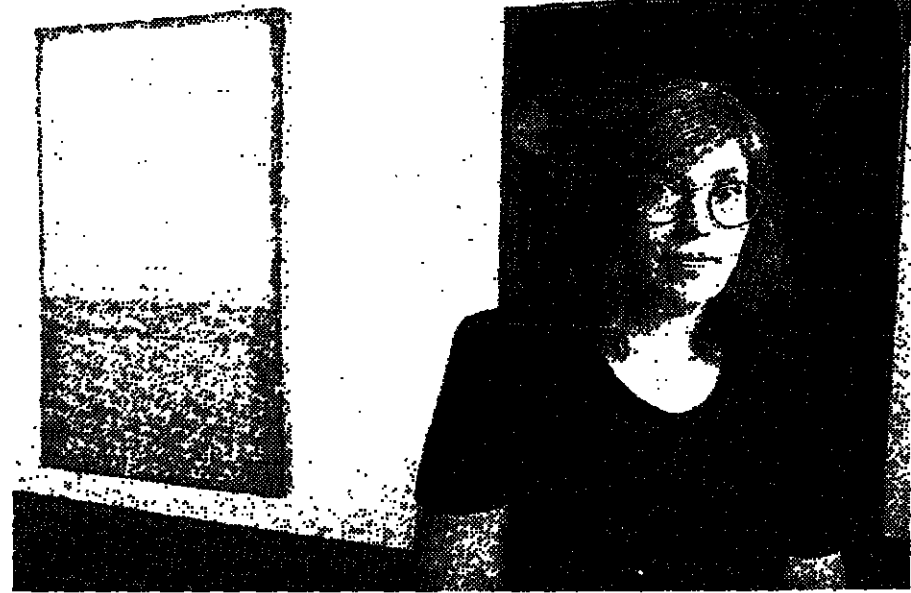
Still, a friend later told her, someone criticized her for resurrecting the past. "There is a feeling in the art world," said Rothko, a pathologist who was 19 when her father committed suicide in 1970, "that this is something they'd rather forget."

But it is not that easy. The Rothko case may be rarely mentioned nowadays, but there is little doubt that it had a lasting effect. For nearly a dozen years beginning in 1971, the art world and the public were transfixed by the battle between Rothko's executors, all of them his good friends, and his two children, who accused the executors of waste and fraud, and by the ensuing appeals and related litigation. As a result, many of Rothko's luminous Abstract Expressionist paintings, which had been sold or consigned by his estate to the Marlborough Gallery in Manhattan at inflated prices, were donated to museums, probably enhancing their value.

Rothko and his work became better known, further establishing his reputation. Marlborough lost its preeminence in contemporary art. Its flamboyant owner, Frank Lloyd, never recouped his reputation, and neither did Theodore Stamos, a painter Rothko chose as an executor. Kate Rothko, who grew up in the middle of the New York art scene, grew disillusioned with her father's world. Even the public lost some innocence.

"The Rothko affair was a flashing red light to many that in this field of high values and mysterious goings-on there's always a potential for this kind of dealing," said Andre Emmerich, a Manhattan dealer.

Over the years, artists, dealers and museums have seen their share of scandals, but few if any have approached the level of the Rothko affair in size or notoriety. Day after day, newspapers recounted courtroom testimony under headlines like "Angry Exchange in Rothko Case" and "New Rothko Charges Denied by Gallery."



Kate Rothko: "I had grown up with an idealized view of the art world."

Before Marlborough was stopped by a court ruling, it had sold more than 100 paintings — including a few that Rothko's children now say they would have kept — at less than market value to favored clients while it collected inflated commissions as high as 50 percent, compared with the 30 percent usually charged for an artist of his caliber. The executors, meanwhile, divided the estate's proceeds from Marlborough as their fees.

Ultimately Kate Rothko and her brother, Christopher, who was 6 when their father died at 67, were vindicated. In 1975, a New York state court ousted the executors, canceled their sweetheart contracts with Marlborough and fined them and the gallery \$9.2 million.

Later, while at his home in the Bahamas, Lloyd was indicted by the Manhattan district attorney for tampering with evidence in the case. He surrendered after years as a fugitive and was convicted on three counts in 1983. He died on April 7.

In a telephone interview, Kate Rothko recalled that the case marked something of an intellectual coming of age for her. "I mainly remember my disillusionment with the art world," she said. "I hadn't thought of

it as a business world. I had grown up with an idealized view of the art world."

Through their legal victory, she and Christopher, who had directly inherited only a tenth of their father's paintings through the estate of their mother, who also died in 1970, won possession of half of the 2,000 works Rothko left behind. In the late 1970s they were valued at \$50 million.

Rothko, 47, said the case continued to cause her pain. Although she and her brother still own many of the paintings from the estate, she said she was frustrated that some paintings were sold by Marlborough before the ruling. Among those she says she would have kept is "Homage to Matisse," now owned by the Edward R. Broida Trust. "I haven't seen it since the time of my father's death," she said.

Christopher, 35, remembers nothing about the courtroom drama, he said, but added that it left him with "a certain cautiousness in dealing with the business world, the legal world and the business side of the art world."

Both Rothkos are keen protectors of their father's legacy. They disagree with people who say their father's work is mainly about

beauty, as well as with those who see specific religious references in it. "I grew up knowing that content was very important to him," Rothko said. "He did not consider the Color Field artists of the '70s in any way an outgrowth of his work. He was stressing the emotional content and a spiritual content in the broad sense."

She said the case also taught artists a worldly lesson. "It opened artists' eyes to the concept that this was a business, not just an intellectual world," she said, "and it probably affected their estate planning."

John Silberman, a lawyer who counts many artists among his clients, agreed: "The positive side of the Rothko case was to heighten artists' sensibilities about the long-term care and disposal of their estates. Choosing the right people is a constant issue."

When Rothko died, he left his works in the care of three friends, all of whom have died: Morton Levine, an anthropology professor; Stamos, a Greek-born Abstract Expressionist; and Bernard Reis, an accountant and director of Marlborough. Reis drew up Rothko's will, bequeathing nearly all of his works to the Mark Rothko Foundation, which was supposed to see that they went to the right museums and collectors. In late 1970, the trustees changed its charter, with the proceeds put to charitable purposes, necessitating sales of Rothko's works and allowing the sweetheart deal with Marlborough.

"The mystery was Bernard Reis," said Emmerich. "He delivered his great good friend Mark Rothko into the hands of Frank Lloyd. He was seen as a wonderful man, yet he did something so base, so inexplicable."

The trustees and Lloyd escaped what were seen as light sentences. Reis staved off creditors by filing for bankruptcy 11 months before his death. Stamos paid his share of the fine by signing over his house to the Rothko estate, but he was granted life tenancy.

Lloyd, who could have served up to four years in prison, was ordered to create a scholarship fund and to sponsor art lectures for students. (No one contacted could recall any details of the program or how long it lasted.)

Stamos never recovered as an artist. "His market is weak," said Diane Upright, a private dealer in Manhattan.

Perhaps paradoxically, Rothko's status benefited from the scandal, partly from the exposure. "It didn't hurt his reputation," Emmerich said. "It's a little like Van Gogh's ear."

## PEOPLE

THE smoky-voiced singer Peggy Lee has been hospitalized in Los Angeles after suffering a stroke. Nicki Lee Foster said her 78-year-old mother had the stroke on Oct. 27. Foster said doctors were trying to determine whether the stroke has caused permanent damage. Lee, who is a diabetic, is best known for the hit song "Fever" and won a Grammy Award in 1969 for "Is That All There Is?"

Caravaggio's masterpiece "The Taking of Christ" (1602), which is on indefinite loan to the National Gallery of Ireland, will make its first appearance in the Western Hemisphere from Feb. 1 through May 24. It will be the centerpiece at the McMullen Museum of Art at Boston College of the exhibition "Saints and Sinners: Caravaggio and the Baroque Image."

Carrie Fisher has become addicted to prescription drugs and has checked into a detoxification program. Fisher, perhaps

best known for her role as Princess Leia in the "Star Wars" trilogy and for her novel "Postcards From the Edge," realized she had a problem shortly after undergoing dental surgery, a spokesman said. "The combination of the prescribed medication required for manic depression and the pain medication prescribed to her recently from getting dental implants caused her to recognize the problem early on," the spokesman said.

Darlene Gillespie, the former Mouseketeer, must stand trial on securities fraud charges, a judge ruled, despite her claims that negative publicity makes it impossible for her to get a fair trial. Gillespie, who is free on bail, was an original member of television's "Mickey Mouse Club" in the 1950s. She was indicted last year on 26 counts of conspiracy, securities fraud, mail fraud, obstruction of justice and perjury.

Movies are no place for actors anymore, Arthur Penn says. "The studios are now moving away from actors," said the 76-year-old director of "Bonnie and Clyde," "The Miracle Worker" and "Alice's Restaurant." "Schwarzenegger, Van Damme? No one is going to the movies to see them act. Hollywood has surrendered movies to special effects," he said at the Virginia Film Festival in Charlottesville, where he was honored. "We've developed the no-known-human-being movie because that sells around the world."

## Soprano Drops Out of Met's 'La Traviata'

The Associated Press

NEW YORK — The soprano Renee Fleming has withdrawn from the Metropolitan Opera's new "La Traviata," citing family reasons. Joseph Volpe, the Met's general manager, announced that Patricia Racette will sing Violetta in the four performances of "Traviata" scheduled for Fleming, beginning Nov. 23, plus two of the four Racette already was signed to sing. Racette made her Met debut in 1995 as Musetta in "La Boheme." She also has sung Mimì in "Bohème" and roles in "Peter Grimes" and "The Tales of Hoffmann."

Fleming had received much publicity recently because she was to be the first soprano to sing in three new productions at the Met in one season since Roberta Peters did it in 1955-56.

A bracelet belonging to the writer and pilot Antoine de Saint-Exupéry, which was found in a fisherman's net in September, will be handed over to his relatives, the authorities in Marseille said. Saint-Exupéry, who wrote "The Little Prince," was lost in his plane over the Mediterranean in 1944 while on a reconnaissance mission. The authorities warned that anyone hunting for the wreck of the author's plane needed official authorization first.



REUNION — Three of the stars of the film "The Big Chill," Glenn Close, left, Jeff Goldblum and Mary Kay Place, in Hollywood for the re-release premiere of the movie, which is celebrating its 15th anniversary.



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